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No. 10989

United States

24 v. 2424

Circuit Court of Appeals

For the Ninth Circuit.

JACOB MORRIS DANZIGER, TRINIDAD INTERNATIONAL PETROLEUM, LTD., and
WAKE DEVELOPMENT COMPANY,

Appellants,

vs.

UNITED STATES OF AMERICA,

Appellee.

Transcript of Record

In Four Volumes

Volume III

Pages 941 to 1409

Upon Appeal from the District Court of the United States
for the Southern District of California,
Central Division

FILED

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Upon Appeal from the District Court of the United States
for the Southern District of California,
Central Division

Los Angeles, California,

Tuesday, January 23, 1945, 10:00 A. M.

The Clerk: United States of America vs. Jacob Morris Danziger, for further trial.

Mr. Lucas: Ready for the government.

Mr. Mainland, please.

The Court: Mr. Mainland has been sworn.

ALLEN G. MAINLAND

resumed the stand as a witness on behalf of the government and, having been previously duly sworn, testified further as follows:

Direct Examination (Continued)

By Mr. Lucas:

Q. Mr. Mainland, what is your title or what position do you hold with the Securities and Exchange Commission?

A. My present title is Securities investigator expert.

Q. How long have you been with the Commission?

A. With the exception of a year and a half when I was away, continuously since June 1, 1938.

Q. What is the general nature of the work that you do for the Commission?

A. Principally investigations in connection with the enforcement of the Securities Act of 1933.

Q. And that entails what particular kind of work?

(Testimony of Allen G. Mainland.)

A. It involves the examination of books and records and the preparation of schedules from them; interviewing [619] members of the public who have purchased securities; interviewing principals of corporations who have issued securities; and rendering reports to the Commission based on my findings.

Q. Now, prior to going with the Commission were you engaged in accounting and auditing work?

A. I graduated from the University of Southern California in 1928 with the degrees B. S. in B. A., that is, Bachelor of Science in Business Administration; I majored in accounting, I worked for a year as an accountant for Haskins & Sells, at the end of which time I took and passed the C.P.A. examination; then I was for over eight years with an investment banking firm, first in the capacity of cashier, and later as assistant treasurer and chief accounting officer. The year and a half that I was away from the Commission I was assistant comptroller and chief cost accountant for Pacific Clay Products Company.

Q. That summarizes, briefly, your training both academic and practical up to the present time?

A. Yes, except, perhaps, I should say that about a year of the time I spent with the Commission has been on analytical work in connection with the cases for reorganization under the Chandler Act, which the Commission was participating in. During that time I was not working actively on enforcement of the Securities Act.

(Testimony of Allen G. Mainland.)

Q. Directing your attention to the defendant Danziger here, you met and talked with Mr. Danziger in the course of [620] your investigation of this matter?

A. Yes, I did, on perhaps ten occasions in his office, in addition to the times when he came to my office for the sworn testimony which has been read here.

Q. Directing your attention to the first time you met Mr. Danziger in the course of this investigation, tell us when it was and what you can recall of the statements made to you at that time by Mr. Danziger.

A. The first occasion was in October, rather, November 22, 1940. I told Mr. Danziger—this was in his office—that it had come to the Commission's attention that people in the east had been approached and apprised of certain supposed rights that they had evidently failed to exercise at some time in the past, and that it looked to us as though this was a campaign to sell stock of Trinidad International Petroleum Limited; that the Commission had asked me to investigate it.

On that occasion I did not ask for any documents from Mr. Danziger. He told me that there had been inquiries received from stockholders of Great Eastern Natural Gas. He said that originally Trinidad International Petroleum had entered into a contract with Great Eastern Natural Gas, and that an escrow had been set up in Wilmington, Delaware, where any Great Eastern holders who wished

(Testimony of Allen G. Mainland.)

to avail themselves of these rights would send their money, and I think it was the Commonwealth Trust Company of Wilmington, [621] Delaware, would divide the funds, sending approximately \$2.00 to the Great Eastern Natural Gas or their representatives, whoever they might be, and sending the balance to him and issuing stock in Trinidad and profit sharing notes out of certificates which had been supplied to this Commonwealth Trust Company by Wake Development Company for the purpose of executing that contract.

The only thing that Mr. Danziger handed me on that occasion was a ditto report.

Q. What kind of report?

Mr. Rose: I was just going to ask that.

(The record was read.)

The Witness (Continuing): Which he said had been prepared by E. H. Cunningham Craig, concerning the geology and the history of certain properties in the Island of Trinidad.

Q. By Mr. Lucas: All right. Now, can you recall anything else that Mr. Danziger said to you on that occasion?

A. Yes. He said that the company had acquired the right to develop the oil possibilities on a group of approximately 200 oil leases on privately owned land on the island of Trinidad; that a foreign company, that is not a British company, could not drill for oil in Trinidad without a special permit, and for this reason Trinidad had not yet—I mean T. I. P., Trinidad International [622] Petroleum Lim-

(Testimony of Allen G. Mainland.)

ited, had not yet been able to commence drilling activities because of that regulation; that he had made efforts through the State Department to obtain a permit for the company, and that as recently as two months before I called upon him he had had his last communication through the State Department, which he thought gave some hope that a permit to drill might be possible of attainment.

He said that the leases carried a rental provision, but that the rental provision providing for a fixed payment—cross that last out—the rental provision would not become effective until the permit to drill had been obtained.

Mr. Rose: Excuse me, Mr. Mainland. With the permission of the Court, may I ask this witness a question?

Mr. Mainland, are you reading from a memorandum that you have of your conferences with Mr. Danziger, or are you testifying from memory? I notice you looking at some papers.

The Witness: I am not reading a memo; I am referring to a memo which I prepared immediately after the conversation which I had with Mr. Danziger.

Mr. Rose: You are using that memorandum to refresh your recollection?

The Witness: Yes.

Mr. Rose: Very well. I thought you were reading a document, and in that case the document would speak for itself. [623]

The Witness: I would have no objection to of-

(Testimony of Allen G. Mainland.)

fering it, except my memos contain material that obviously wouldn't be acceptable.

Q. By Mr. Lucas: Go right ahead, Mr. Mainland.

A. Mr. Danziger said he had made a contact with sources of capital in England, although his own contract with T. I. P. did not provide—rather, that under that contract he was not required to secure financing, that his own contract was purely for the management and not for raising capital; that these sources of capital in England given him a tentative commitment to finance the initial drilling program of the leases; that in spite of the war, which at that time involved only England and not the United States, he had assurances that the capital would be forthcoming for the initial program which he said according to his estimates would be for five shallow wells, which he estimated would cost in the neighborhood of \$75,000.00. He said there was a hole eleven feet deep on the property, according to his information, and that there was oil oozing out of that hole. He said he had never visited Trinidad or the properties, but that he relied on the work done, or the report made by E. H. Cunningham Craig, who he said was an eminent British geologist, and on others who had seen the property.

I asked him why this property had not been thoroughly prospected in the past; to which he replied that according to his understanding publicly owned land in Trinidad had [624] been thor-

(Testimony of Allen G. Mainland.)

oughly prospected, but that privately owned land hadn't been, probably because it was held in so many small parcels and nobody had gotten together enough of these small parcels to make it practical to engage in thorough prospecting. Mr. Danziger said that the sole valuable asset of the company was the interest they had in these 200 leases in Trinidad.

I showed him a picture of Warren C. Carter as I then knew him. Mr. Danziger said he recognized him as a salesman for Great Eastern at the time he arranged his first deal with Great Eastern.

At the conclusion of the interview Mr. Danziger agreed to permit me to examine the files of Trinidad International Petroleum Limited in connection with my investigation, and also the books and records relating to the issuance and transfer of stock.

That was about all we covered on the occasion of my first interview with him.

Q. How long after that did you come back?

A. I came back again about the 24th of January.

Q. What year, '41? A. '41.

Q. Tell us what was said between you on that occasion.

The Court: The date?

The Witness: January 24.

A. Mr. Danziger said that he definitely had never had a [625] list of stockholders of Great Eastern Natural Gas.

I asked him if he had any idea who might be

(Testimony of Allen G. Mainland.)

calling on the holders of Great Eastern. He said it might be De Hart, who he said was the former president of Great Eastern; it might be Warren Carter; it might be one Dawson, who he said had worked for Carter; or one Cramer, who he said had worked for Carter; or he said it might be one of several salesmen who might have worked for Great Eastern and thus come into possession of a stockholders' list.

I asked him if he knew the first names of either De Hart or Dawson, and he said he did not.

I told him that it appeared to me from correspondence, which I looked at in his office on the occasion of that same interview, that these people had definitely been solicited by some one. He said he was rather inclined to agree with my conclusion drawn from the correspondence, but he had no idea who might be doing it, or what their purpose might be in doing so. He said when he returned from abroad in July, 1937, he met and discussed the Trinidad deal with a man named Arthur Winslow in New York, and apparently Winslow had what he called the remnants of the deal that Carter up to that point had been working on in connection with exchanging or the offering of rights to Great Eastern holders to subscribe to stock and notes of Trinidad International Petroleum Limited.

After looking at the files that were available in Mr. Danziger's office at that time, I told him that there [626] appeared to be some missing, and I

(Testimony of Allen G. Mainland.)

gave him certain names of people that I thought his files should have correspondence from; and he said he would look further and would supply them to me when he had had a chance to look, if he could find them; and among those names was the name of Elizabeth Parsons and W. E. Edwards. And on January 29 I received through the mails this letter accompanied by certain files.

Q. You have handed me a letter on the letter-head of J. M. Danziger, dated January 29, 1941.

A. Yes.

Mr. Lucas: I will now offer it in evidence as the government's exhibit next in order.

The Court: Admitted.

The Clerk: 93.

(The document referred to was marked as Government's Exhibit 93 and was received in evidence.)

Q. By Mr. Lucas: Proceed.

A. I called at Mr. Danziger's office again on February 4, 1941, and asked him to permit me to examine the general books of Wake Development Company——

The Court: I missed that date.

The Witness: February 4, 1941.

A. (Continuing): Mr. Danziger said that the Wake Development Company had no books. He said that aside from its ownership in stock and notes of Trinidad International Petroleum Limited it had no assets to speak of; that its [627] income consisted almost entirely from the proceeds

(Testimony of Allen G. Mainland.)

of sales from T. I. P. securities, plus any attorney's fees which he personally earned, and perhaps some small amount of income on property belonging to Mrs. Danziger.

I told him I wanted to see what books he did have, and he said that he did have a bank account and a check stub book of canceled checks which he thought was none of the Commission's business, but that he did not want to be in the position of claiming personal privilege, so he was inclined to let me, as a Commission investigator, look at whatever I demanded, at the same time stating that he thought it was none of the Commission's business. So he produced a check stub book of Wake Development Company, the earliest date of which was in September, 1940. He produced a batch of canceled checks dating from about September, 1939. He said he could not find the stub book or canceled stubs for any earlier dates. He said, however, that he would look further and would let me know if he succeeded in finding any earlier records.

Mr. Danziger also, on the occasion of this interview, said that in July, 1937, he had made an arrangement with one A. R. Winslow in New York, whereby Wake Development sold stock to A. R. Winslow. He said that after referring to the stock records of the company that this involved 3500 shares, that subsequently—rather, he had received approximately a thousand dollars from Winslow as payment for this [628] stock—it may have been units, rather than stock by itself, I don't recall

(Testimony of Allen G. Mainland.)

exactly at this time—that this thousand dollars was less than Winslow had undertaken to pay for the stock, but that he hadn't received any further payments. Subsequently he said that 400 shares of the 3500 were transferred out of Winslow's name and presumably had been sold by Winslow to someone else. Mr. Danziger said he had received no communications from any of the persons who were calling on holders of Great Eastern, which calls he said may have resulted in these people writing in. Furthermore, he said he had paid no commissions to these persons on behalf of Wake Development Company for disposing of Wake Development Company stock. He said that he suspected that the men who had called—or one of the men who had called on Harold J. McCoy was Carmen, from the description that McCoy had given, but he had no evidence to support this suspicion.

On the occasion of a later interview, he said that one reason he suspected this was that McCoy reported that the man who called on him had rosy cheeks, and that was unusual for a man, and that Mr. Carter when he saw him had quite rosy cheeks, and his description fitted him otherwise. He said he had met Carmen through a man named De Hart, the president of Great Eastern, when he, Mr. Danziger, made his original deal with Great Eastern. He said that the contract which described or set forth this original deal was in the Commission's files. I might say the contract [629] referred to is one that has been introduced here

(Testimony of Allen G. Mainland.)

in connection with the case. I asked him what he meant in correspondence with McCoy by describing someone as the eastern representatives of Wake. He said he had merely used the expression because McCoy had used the expression, and he had nothing special in mind. He said that he had, Wake had no eastern representatives, and that he didn't mean in that letter that they did have an eastern representative.

Again on this occasion I told Mr. Danziger that he hadn't supplied me with all of the correspondence with people who had inquired about Trinidad International Petroleum Limited stock. He said it is quite possible he may have overlooked something, and he would make a further exhaustive search. That is about all I recall we covered in that particular transaction.

Q. By Mr. Lucas: At that time did Mr. Danziger turn over to you some files?

A. I think he did, yes. I should say, generally, at different times he would turn over to me additional correspondence files, and on one or more occasions I examined files in his office and selected correspondence that I wished to take back to my office and examine in more detail, so that some of the correspondence which Mr. Danziger showed me I never took out of his office.

Q. Did you have a later conversation with him?

A. Yes. The next time I talked to him was over the [630] telephone. That time I merely asked him if he had found any older check stub

(Testimony of Allen G. Mainland.)

books of Wake Development Company, and he said he had located a book; and I went to his office later that day and picked it up—rather, as I recall it, he found a vacant office near his on the same floor, and I went in there and made my studies of the book in that office. That stub book went back as far as February 1, 1939.

Q. Now, then, did you have another personal contact with Mr. Danziger after that?

A. Yes, I called on him again on March 18th. At this time I asked him to explain the arrangement he had made in connection with any offer of rights or offer to exchange that Wake Development Company had made to stockholders of Golden Quebec Mines. He said he had made these arrangements verbally with William Carmen. He said there was no signed agreement or written material between himself and Carmen concerning it. And he said at the time the question came up that he had never heard of Golden Quebec Mines himself. He said that Carmen told him he had a list of stockholders of Golden Quebec Mines, and Carmen suggested that he call on these people and offer them rights, or an offer to exchange on some basis.

He said the basis was worked out by Carmen, and he told him it was perfectly all right to Wake Development Company just so they received their minimum price, which was around a dollar a share.

He said that after the first transaction or the first offer in which Carmen worked out the basis, that when anyone wrote in they would reply—by

(Testimony of Allen G. Mainland.)

them I mean Wake Development Company— outlining the basis in a manner consistent with the basis that had been offered in the first transaction as worked out by Carmen. He said he personally didn't remember exactly what the details were of that offer. He said no right certificates were ever printed. He said he never had a list of Golden Quebec Mines stockholders. He said that he wasn't quite clear as to when this arrangement with Carter or Carmen had been made. He said it must have been before he left for Europe, because he knew he hadn't any correspondence with Carmen over it, and he knew he had only seen Carmen once after returning from Europe, which was immediately after he returned in New York, and at that time he was sure he hadn't talked to him about it, so it must have been before he left for Europe, but he indicated that he was somewhat uncertain about just when it had been. He said on the first transaction or two Carmen had shared in the proceeds, but that thereafter he never had, and on any recent sales involving an exchange with holders of Golden Quebec, that neither Carmen nor anyone else had shared with Wake Development Company in the proceeds; that Wake had kept the entire proceeds. He said that Carmen gave him the impression, though he couldn't recall any exact words, that Golden Quebec stock was worthless at the time that the [632] proposition was first discussed. That is about all that we covered in that particular conversation.

(Testimony of Allen G. Mainland.)

Q. All right. Now, then, will you get to the next conversation, if there was one?

A. On March 27, 1941, I telephoned Mr. Danziger and I requested him to permit me to see any correspondence which he or his sister, Mrs. Faulkner, had had with salesmen in connection with sales of T. I. P. securities. On the previous occasion he had undertaken to attempt to locate any of such correspondence that might be in his files. He said over the telephone that he had searched his records, but he found no memos or correspondence with salesmen. He said after his sister's death he had destroyed all the personal papers of his sister, and that that probably would have included any correspondence or memos she had had back and forth with these salesmen.

He also repeated in this conversation that he had had no personal contact with any salesman who might have called upon people in an attempt to interest them to purchase T.I.P. stock or notes.

That was all in that conversation.

Q. Was there a later conversation?

A. I called on him again at his office on April 1, 1941. I told Mr. Danziger that I had received information that William Carmen had jumped his bail in connection with [633] his conviction in Illinois. Mr. Danziger said he was greatly surprised to hear that. He said that the last time he saw Carmen, which was in July of '37, Carmen told him of his conviction and told him that it had gone up on appeal; that he had never heard from Carmen

(Testimony of Allen G. Mainland.)

since. I questioned him further about his deal with A. R. Winslow. He said that Winslow was brought to his hotel room in New York by Carmen a very few days after he arrived back from England in July, 1937. He said that Winslow and he met at his hotel two or three times during that week. He said that an arrangement that he had with Winslow was that Winslow would buy a certain amount of stock at a certain price, which, as he recalled it, was around a dollar a share. He said he understood from Winslow that Winslow intended to resell this stock to the public. He said during that week Winslow actually paid him some money, which was less than the amount agreed upon. He said Winslow also agreed to distribute stock for him, and that during the latter part of '37 and early in '38 Winslow and his men were working on that. He said, however, that he did not pay Winslow anything out of the \$3.00 per unit received by Wake Development Company. He said that if the salesmen that were working with Winslow were compensated, it must have been by Winslow himself, because he didn't do it. He said he had had quite a bit of correspondence with Winslow during that period, but he said that after his sister's death in September, 1939, he had destroyed any [634] correspondence that might have been had with Winslow, so he wasn't able to furnish any of it to me. He said that when Carmen introduced him to Winslow that Carmen told him that Winslow was going to more or less supersede him in the Great East-

(Testimony of Allen G. Mainland.)

ern deal. He said that he was unable to state whether there was any arrangement whereby Winslow was really working for Carmen or Carmen had got out of the picture entirely.

Mr. Danziger said that the original leases which he said were about 200 in number were safely stored in London.

He also said that the original of the contract by which the T.I.P. had acquired an interest in those leases was also in London, and that a copy was in the minute book.

He said that the company did not acquire the leases, but only had entered into a contract with the then owners of the leases.

That was the substance of the statements which Mr. Danziger made to me on the occasion of that interview.

I called on him again on April 14, 1941, and asked him to tell me what he knew about a person named Roberts, who I told him had been reported by a stockholder named Hazelton as having been a person who called on him and originally induced him to purchase securities of T.I.P. Mr. Danziger said he remembered the name Roberts as being that of a stockholder, but he had no recollection of him otherwise. He said he had never heard of him as a salesman, only as a stockholder; that he had never met him, and [635] as far as he knew he had never heard from him. I called his attention to a letter which he had written to Hazelton in which he acknowledged receipt of the stock of Communica-

(Testimony of Allen G. Mainland.)

tions Research Inc. in a sealed envelope, which he said he would keep and turn over to Roberts. And he said he lost all memory of it. He said he may or must have afterwards mailed the papers back to Hazelton, because most emphatically Roberts had never called on him at his office. He said he never had any business dealings with Roberts. In particular, he said Roberts had never handled any business transactions for him in the east.

I asked him to produce some canceled stock certificates, which he did, and there was one for 100 shares of T.I.P., which had been registered in the name of A. L. Roberts, and had been forwarded by Hazelton for re-transfer into Hazelton's name with a stock power attached, presumably endorsed by A. L. Roberts.

I think I told Mr. Danziger, I did tell him either on this occasion or a subsequent occasion that it was my opinion that the handwriting on this stock power was in the handwriting of William Carmen, Carter. He said that it could be. He said he didn't know Carter's handwriting, so it wouldn't mean anything to him whether it was or not.

On this occasion I asked him to turn over to me the stock records, that is, the stock journals and stock ledgers and stock certificate stubs of T.I.P., which he did. I had previously had them and turned them over to him, and on this [636] occasion I asked him to turn them over to me again.

I also asked Mr. Danziger on this occasion about Harry Aronson. He said that he had met Aronson

(Testimony of Allen G. Mainland.)

through an investment banker in New York named Howe. He said apparently that Aronson had been instrumental in bringing the owners of the 200 leases in Trinidad to the attention of Howe, and it was through Howe that he came into contact with the owners of the leases.

He said that Aronson had sold a few blocks of T.I.P. securities and had received commissions on them very early in the deal. He said that in 1935, as he recalled it, Hill had gone to England, that was prior to the time that Mr. Danziger went to England, for the purpose of attempting to raise financing for T.I.P. in England. He said that Aronson had raised some money of his own and had gone along with Mr. Hill to England. He said that Aronson was an uneducated man, he said he was a "Dese and dose" fellow, and he soon tried to keep him away from any contact with the business.

I think he said either when he got to England or even before that Aronson returned and had no further connection with any activities in England.

I also called Mr. Danziger's attention to a letter, an original letter, which I had in my possession, from Wake Development Company to J. Arthur Hazelton, dated in April, 1940, in which it said that 300 units of the profit sharing notes of T.I.P. were being forwarded to J. Arthur Hazelton. [637] That letter is in the government's exhibits as Exhibit 36, and if I may I would like to have it so that I can tell what Mr. Danziger told me about it.

(Testimony of Allen G. Mainland.)

The Court: We will split the morning evenly right now, Mr. Lucas. Ten minutes.

Mr. Lucas: Very well.

(Short recess taken.)

Q. By Mr. Lucas: Before the recess you asked me to provide you with an exhibit, and I did, Mr. Mainland.

A. Yes, this is Exhibit 36. I asked Mr. Danziger to refer to the stock journals and the stock ledger, I should say the note journal and the note ledger, and told him that I had examined them carefully and could not find a record of certificate C-132 for 300 units of preferential profit sharing notes having been issued to J. Arthur Hazelton. Mr. Danziger said that he could not recall the transaction, but that he had been sure that every transfer and every issuance had been issued on the stock and note journals and ledgers. He examined the note record, the note journal and ledger, in my presence, and said that he was unable to offer an explanation unless it was something that his sister had handled. I called his attention to the fact that it was in 1940, which was some months after his sister's death, and then he said he had had no correspondence whatever with Roberts, and he couldn't recall the transaction, and he didn't know why the issuance of that 300 notes had not been [638] made on the note journal.

On May 8 I called again at Mr. Danziger's office. I asked him if I could examine the stock book of Wake Development Company. He said that he no

(Testimony of Allen G. Mainland.)

longer had the stock book of Wake Development Company, because it had been produced as an exhibit in some litigation and had been lost. He said, however, that only one certificate had been issued upon the formation of the company in the early 1920's. He said that certificate for 100 shares was made to his wife. That subsequently the certificate had been assigned to his sister Alda Faulkner and lost along with the stock book. He said after Mrs. Faulkner's death a second certificate replacing the first one had been issued to his wife Edith Wake Danziger. He did not produce this certificate, but he showed me the minute book of Wake Development Company, which showed that on October 12, 1939, a certificate for 100 shares had been issued to Edith Wake Danziger to replace a certificate previously lost.

I asked Mr. Danziger if he had heard of a Mr. Stanley in any way connected with Trinidad International Petroleum Limited. He said there definitely was not anyone named Stanley connected with it; that the only Stanleys he knew were a Stanley Stoneacre and a Stanley Underwood, both of whom had had offices in the same suite in which his offices were located, but that neither of them had any connection with T.I.P. or Wake. [639]

I asked Mr. Danziger who George Carleton was, referring to a telegram to George Carleton, that is, the carbon copy of one which I found in his files, and which I think is attached to the Russell correspondence which I obtained from Mr. Danziger, said

(Testimony of Allen G. Mainland.)

telegram being signed "Mack". Mr. Danziger said that Mack was the name used by his sister in writing back and forth with salesmen. He said that the telegram may have been sent by his sister to George Carleton, and charged to the telephone number of the suite, Mutual 5698; that the telephone then had been registered in the name of Gilbert Stanley Underwood, and that any charges on that telephone bill which were chargeable to him or to Wake or to T.I.P. were settled with Underwood or the bookkeeper who was employed to handle the details of the office. He said he had no knowledge of who George Carleton might be. He said he didn't know whether Carleton was Carmen or whether he wasn't Carmen. He said that his sister may have communicated with salesmen right up to the time of her death, but he said he hadn't communicated with them after her death.

I referred to a letter, carbon copy of a letter in Mr. Danziger's files on which there was in typewriting a short note addressed to "My dear Wilson", evidently over his signature, I told him. He said he may have written a letter on the request of his sister, but he had no knowledge of the circumstances and he didn't know who Wilson might be. He said that he had met a man named Winslow under the [640] circumstances that he had already related to me, in New York. He said he wouldn't recognize him if he saw him again, but that he remembered Winslow as a small man, as compared to Carmen who was a large man.

(Testimony of Allen G. Mainland.)

I again questioned him about the sales by Wake, and I stated it was my belief that these people had been solicited. I asked him whether he didn't know that, and whether he hadn't paid commissions to the people who were making the calls. He said that at some time in the past, as he had previously stated, he had split proceeds under the original Great Eastern deal, but that at some time along he line he quit doing it. He wasn't sure as to the date, but he said positively that within the previous two years he had split no proceeds; that all received by Wake had been put in Wake's bank account and retained there. He said that as far as he was concerned, and as far as he knew, any sales during the previous two-year period had been unsolicited. He said if Carmen or anyone else was calling on these people he must have some deal of his own; that he didn't know what it was, that they hadn't received anything from him. He said he had halfway expected a claim from some salesman to a portion of the proceeds of these sales, but that none had been received. He expressed the opinion that Carter was afraid to communicate with him for fear that the authorities in Illinois might find his whereabouts and cause his apprehension through Mr. Danziger. He said that as far [641] as he knew Carmen was honest. He said that if he should hear from Carmen he would not tell me where he was, because Carmen had made sales for Wake when Wake needed them badly. During this conversation I told Mr. Danziger that during the course of my investigation I had framed some ques-

(Testimony of Allen G. Mainland.)

tions which I would like to ask him under oath, because I had been unable to satisfy myself on this matter, and I asked him whether he would be willing to testify under oath. He said that the Commission had the power to subpoena him, take his testimony, and he was not inclined to refuse to answer.

I said if he claimed his privilege, that the Commission didn't have the power to compel him to answer. At least, the Commission wouldn't exercise any compulsion on him. And he said that while this investigation was very distasteful to him, that he was not inclined to claim his privilege, and he would testify when I told him that I wanted him to appear.

Q. Was that the last conversation you had with him now before you began taking his testimony under oath?

A. No. I—yes, yes, that was; that was the last conversation before I called him early in June for testimony.

Q. At the conclusion of the testimony of Mr. Danziger taken under oath, which has been read into the record, did you after the date of that last hearing call upon Mr. Danziger for further testimony?

A. Well, before I answer your question, I perhaps [642] should say that subsequent to this sworn testimony that has been read into the record, on June 26th I called at his office, that is June 26, 1941, and returned to him the current check stub book of Wake Development Company, and picked up

(Testimony of Allen G. Mainland.)

from him four checks, canceled checks of Wake Development Company, which I had asked him for and which he had undertaken to supply me during the course of the sworn testimony. Those four checks have been introduced here. I asked Mr. Danziger whether he had found and whether he would be willing to produce the correspondence he had had with Mrs. Parsons during 1940. He said he could produce none of such correspondence, and went on to say that he had been thinking over the matter of the investigation, that he had come to the conclusion that if I requested him to appear for further sworn testimony that he would claim his privilege. He said that the investigation had caused him a great deal of inconvenience, and he figured that he had reached the limit of his co-operation, and he would not answer any more questions under oath.

I asked him if he still claimed he had no business dealings with George Carleton, and whether he still maintained that Aronson had entered the Parsons transactions. He declined to answer these two questions. He said that I had great facilities for investigation at my command, that I had obtained lots of leads from his files, that he had given me records to examine, and that, again, he had [643] reached the limits of his co-operation. That was all on that occasion. I saw him once more, as I recall it, in July when I went to pick up the four checks mentioned. I think I said I picked them up on that previous occasion. I think, as I remember it now, they weren't ready at that time, and when I returned

(Testimony of Allen G. Mainland.)

again on July 22, 1941 I obtained the four checks from Mr. Danziger. I did not ask him any questions, and he didn't tell me anything on that occasion. And that, I think, completes the interviews that I had with him during the period of the investigation.

Q. Now, we will turn briefly for a moment, Mr. Mainland——

Mr. Lucas: May I have Exhibits 62, 3, 4 and 5? I think they are books you may have locked up.

Q. By Mr. Lucas: Mr. Mainland, did you make any analysis and study of the records of the Trinidad International Petroleum notes and stock journals and records supplied you by Danziger?

A. Yes, I did.

Q. Before we get into that, you have been using the abbreviation, I take it, "T.I.P." throughout your testimony here, Mr. Mainland, and do I understand that by the use of "T.I.P." you are abbreviating Trinidad International Petroleum Limited?

A. Yes, that is correct.

Q. Just go ahead, Mr. Mainland. [644]

A. There is another stock journal.

Q. I hand you Exhibit 74 and ask you if that is the one you refer to.

A. Yes. And may I have the canceled certificates?

Q. I hand you Exhibit 73, and ask if that is what you want.

A. Yes.

Q. Will you relate to us just what examination

(Testimony of Allen G. Mainland.)

you made and what you found therein in those exhibits which have been given you?

Mr. Rose: To which objection is had upon the ground that the exhibits are in evidence and speak for themselves, and it is not a matter of expert testimony.

The Court: He may answer.

A. First, the stock journal of Temporary & B certificates & C certificates, Exhibit 64, shows that the entire capitalization in stock of T.I.P. was issued in July 1933, to Standard Mining Company in eleven certificates, certificates Nos. 1 to 11.

The Court: Will you wait just a moment, please?

The Witness: Yes.

The Court: Go ahead.

A. (Continuing): The entire capitalization of a million shares was issued to Standard Mining Company in the shape of eleven certificates; Certificate No. 1 was for 500,000 shares, and the stock records show that this [645] certificate was afterwards canceled. The certificate itself is in Exhibit 73, and bears the notation "Canceled donated to treasury." Certificates 2, 3, 4, and 5 total 335,000 shares; so I am unable to state how those certificates were divided. Certificates 6, 7, 8, 9, 10, and 11, totaling 165,000 shares were, as I said, originally issued to Standard Mining Company, and thereafter canceled. The certificates were also in Exhibit 73. The journal is not cross referenced, but upon examination of the journals, the ledgers, and the stock certificate stubs, which the latter haven't been

(Testimony of Allen G. Mainland.)

introduced here but are in my brief case, No. 4 in the left-hand brief case.

(A brief case was handed to the witness.)

The Witness: I got the wrong number. Just a minute; hold it.

A. (Continuing): Certificate No. 6, going over each one, one by one, was cancelled, and the certificate bears notation "Canceled May 10, 193 "—with the last digit a dash.

Q. Now, certificate No. 6 that you were speaking of was originally issued to whom?

A. To Standard Mining Company?

Q. Yes.

A. That was re-issued to Alda Faulkner on May 10, 1934, in a certificate for 80,000 shares. The other 15,000 shares was made up of additional shares out of these [646] subsequent certificates, and I will offer them as I get to them.

Certificate No. 7 for 20,000 shares, originally issued to Standard Mining Company, bears the notation on the canceled certificate "Canceled into 298." 298 is the certificate I just mentioned was issued to Alda Faulkner for 80,000 shares, and 15,000 of the shares was taken out on certificate No. 7.

Certificate No. 8 for 20,000 shares bears the notation "Affix stamps and cancel for issue of 6200 by certificates 201-2."

Certificate No. 9 for 20,000 shares bears the notation "Canceled for 299." 299 was issued May 10, 1934, to Wake Development Company for 65,000 shares. The 65,000 shares is made up of 5,000 shares

(Testimony of Allen G. Mainland.)

from certificate 7, 20,000 from certificate 9, 20,000 from certificate 10, and 20,000 from 11.

Certificate No. 10 and 11 both are canceled and in this file Exhibit 73, No. 10 bearing the notation "Canceled into 299" and No. 11 bearing the notation "Canceled into 300." The net result of those transfers is that 165,000 shares transferred out of the original stock issued to Standard Mining Company was re-issued in three certificates: 298 for 80,000 shares to Alda Faulkner; 299 for 65,000 shares to Wake Development Company; and 300 shares also issued May 10, 1934 to H. A. Andrews for 20,000 shares; [647] Certificate No. 300, that is the last 20,000 in the name of H. A. Andrews, is shown by the stock ledger to be still outstanding. The 335,000 shares to Standard Mining Company is also shown to be still outstanding in the original form. Certificate No. 298, that is the 80,000 in the name of Alda Faulkner, was afterwards canceled and re-issued to one C. S. Denson. This certificate is shown by the stock ledger to be still outstanding, but a certificate was issued to replace it with the notation that C. S. Denson had lost the first certificate for 80,000 shares. Certificate 299 for 65,000 shares in the name of Wake Development Company is also in the file of canceled stock certificates. On the face of it there is a notation "Canceled", but no indication of what was reissued in lieu of it. The stock journal also shows the cancellation, but without any cross index to what was issued in lieu of it.

(Testimony of Allen G. Mainland.)

Subsequent issuances of stock where I could trace them were issued out of certificate 271.

Q. By Mr. Lucas: In whose name did 271 stand?

A. 271 is one of several certificates reissued for 20,000 each, in place—I shouldn't say for 20,000 each, 271 was one of a series of certificates, 267, 268, and 269 and 270 for 5,000 each, and 271 for 20,000, all issued to replace certificate No. 299, being the 65,000 shares in the name of Wake Development Company.

Q. Now, you mentioned a moment ago, Mr. Mainland, that we had not introduced those stubs, I believe you said. [648]

A. Yes.

Mr. Lucas: At this time we offer in evidence as one exhibit the envelope containing the stubs of certificates——

Mr. Rose: There isn't any objection to the offer. I take it these are the things he is testifying about?

Mr. Lucas: Yes.

Mr. Rose: Let them go in, there is no objection.

Mr. Lucas: Mr. Mainland said for the purpose of his further testimony he is temporarily holding out, and it should be a part of that exhibit, four or five more stubs. Will you consider that?

Mr. Rose: We will consent, when Mr. Mainland finishes whatever he has to tell us about that portion of this, that it may be inserted here and become a part of this exhibit.

The Court: Admitted.

The Clerk: 94.

(The document referred to was marked as

(Testimony of Allen G. Mainland.)

Government's Exhibit 94, and was received in evidence.)

The Witness: That certificate No. 271, out of which subsequent transfers were made, is attached to an exhibit which has already been introduced in this case as, I think, Exhibit 66.

Q. By Mr. Lucas: Exhibit 66 is, according to my information, a cardboard containing a 20,000 shares certificate and a typed page of figures; is that what you are speaking of? [649]

A. That is correct. In the course of my examination of this stock record I examined the stubs of the certificates, the ledgers and the journals, for the addresses of the stockholders of T.I.P. I found, aside from Standard Mining Company, five stockholders with holdings of 510 shares in the aggregate who had addresses in England. All of the rest of the addresses contained in the stock records either are missing or are addresses in the United States. The stock certificates covering the holdings of the five persons I mentioned are here, and the latest date on any of them is January 15, 1936. One of the stubs bears a date later in '36, but it is for the re-issuance of a certificate that evidently had been recorded as lost and had been issued earlier than that.

That is all I had in mind concerning the stock records.

Mr. Lucas: You may cross examine, counsel.

You suggested that there are some exhibits heretofore marked for identification that you would like

(Testimony of Allen G. Mainland.)

to have in evidence. I have in my notes, Mr. Rose, Exhibit 77, being the articles and minutes of T.I.P., marked for identification.

Q. By Mr. Lucas: You examined them in the course of your investigation, did you, Mr. Mainland?

A. I am sorry I didn't hear you.

Q. The articles and minutes of Trinidad International.

A. Yes, I did examine them. [650]

Mr. Rose: They are in evidence. You have ventured that a number of times during the course of these proceedings. I call your attention to the fact that on January 18 they were admitted in evidence as Exhibit 77.

Mr. Lucas: Thank you, Mr. Rose. I had just failed, then, to get them properly marked here. I wanted to ask you now if there is anything marked for identification that you would like to have in evidence.

Mr. Rose: Well, I will do that on my time. I won't keep the Court waiting until I made up my mind on that to check it.

Mr. Lucas: Then the witness is yours for cross examination.

The Court: You will begin after lunch. It is five minutes to 12:00. I will ask you gentlemen to come back at a quarter of 2:00. Unfortunately I must leave for another court matter at 4:15, but I would like to start at a quarter of 2:00.

Mr. Lucas: Very well, your Honor.

(Whereupon, at 11:55 o'clock a.m., a recess was taken until 1:45 o'clock p.m.) [651]

Los Angeles, California

Tuesday, January 23, 1945, 1:45 p.m.

Mr. Rose: Shall I proceed, your Honor?

The Court: Yes.

ALLEN G. MAINLAND

resumed the stand on behalf of the government and, having been previously duly sworn, testified further as follows:

Cross Examination

By Mr. Rose:

Q. Mr. Mainland, in giving your testimony this morning in respect to the several conversations that you recited as having had with Mr. Danziger, you haven't related all of the conversations at said occasions, have you? A. No, I haven't.

Q. Now, you stated that after you had taken those several sworn statements from Danziger that you called on him again and that he told you that he had been roused around, in fact, enough and he was finished co-operating, is that correct?

A. Yes.

Q. Wasn't this statement on his part preceded by a declaration made to you that the S.E.C. had investigated all of this business way back in 1934, 1935, 1936, 1937 and 1938?

A. I will answer first by saying no, then saying that Mr. Danziger did tell me, and I knew, that there had [652] been a previous investigation by the Commission, which had never been completed. As

(Testimony of Allen G. Mainland.)

a matter of fact, I was named an officer of the Commission to complete an investigation which had been begun some time previously by other personnel of the Commission.

Mr. Rose: I move his answer be stricken, your Honor, as not responsive. This is cross examination, and I asked him about a statement; I didn't ask him about his opinion. If your Honor will advert to my original question, you will observe that I asked him whether a certain statement was not made.

The Court: The answer may stand. Motion is denied.

Q. By Mr. Rose: Didn't he tell you that the S.E.C. had fully investigated the modus operandi of this form of stock sale and had O.K.'d it?

A. No, he did not.

Q. Did he tell you that they had failed to admonish Wake Development Company to not carry on in the same manner?

A. Quite the contrary.

Q. Didn't you tell him that you didn't care what the others had done so far as you were concerned, you were going through with this?

A. I did tell him that; I told him that——

Q. Mr. Mainland, can you answer my question?

A. I could if it fit the facts, but I have to answer the question. [653]

Q. You feel you want to assist in the trial of this case, is that it?

(Testimony of Allen G. Mainland.)

A. No, but I must give the answer that—not in your own words, I must give them in my own.

Q. In substance or in effect did he say that?

A. Would you mind reading the question, please?

(The following question was read: “Didn’t you tell him that you didn’t care what the others had done so far as you were concerned, you were going through with this?”)

The Witness: I recall exactly what I said to him. I said there may have been a board of investigations by the Commission, this time I was either going to see that the case was closed or that some affirmative action would be taken.

Q. You say you had inspected the investigations previously made?

A. You say did I tell Mr. Danziger that?

Mr. Rose: Read the question to the witness, please.

(The question was read.)

The Witness: I didn’t say so, but I had.

Q. By Mr. Rose: You ascertained, did you not, that in 1936 the S.E.C. had made inquiry into the business of issuing rights to the Great Eastern stockholders? A. The Commission had, yes.

Q. They had that information before them in the early part of 1936? A. I think so. [654]

Q. They had before them, did they not, the fact that these Great Eastern stockholders would send

(Testimony of Allen G. Mainland.)

in a request to exercise such rights to the Wake Development Company?

A. They did either in '36 or early in '37, I couldn't say exactly.

Q. All right. They had before them the fact that the stock was being sold at various prices below \$5.00 in that manner?

A. Yes.

Q. That an allowance was being made for the so-called shares in the Great Eastern Gas Company?

A. Yes.

Q. Or in mining companies that were more or less defunct?

A. No, they didn't have that before them.

Q. Are you certain of that?

A. I am positive.

Q. In 1937?

A. I am positive. They had——

Q. What is that?

A. I was going to volunteer——

Q. Go ahead.

A. They had before them the fact that rights had been offered to All Americas Petroleum, South-American Oil Fields, and Great Eastern Natural Gas. [655]

Q. All companies that were more or less defunct?

A. I now believe they were. I don't know whether the Commission knew so at the time.

Q. And a certain allowance was made for their so-called defunct stock?

A. Yes.

Q. Now, Mr. Danziger told you that that matter had been fully inquired into and that proceeding

(Testimony of Allen G. Mainland.)

had been fully inquired into several times before your visit to him?

A. He may have said he thought so, but I knew that the results were.

Q. I didn't ask you that.

Mr. Rose: I move that the answer be stricken, your Honor, as not responsive.

The Court: Motion denied.

Q. By Mr. Rose: Can you answer the question whether that was or was not said in substance or in effect?

Mr. Rose: Read the question to the witness, please.

A. Mr. Danziger told me——

Q. Just a moment. I want you to have the question exactly in mind.

A. I know what the question is.

The Court: Answer the question.

The Witness: Mr. Danziger told me that he had been investigated. I don't recall that he said he had been fully investigated. [656]

Q. Didn't he say that the mode of doing business of the sale of Wake Development Company's holdings of Trinidad stock had been investigated as to the manner that I have previously outlined to you, namely, an allowance for shares in a defunct company, the exercise of the so-called rights and the letters going into the Wake asking for permission to exercise the rights and so forth?

A. I don't think Mr. Danziger went into what phases of it he thought had been investigated. He

(Testimony of Allen G. Mainland.)

said he had been investigated; he named the men who had investigated it.

Q. Mr. Mainland, can't you answer the question that I have just propounded to you?

A. I think I have.

Q. Will you please answer that question whether that did or did not take place?

Mr. Rose: Will you re-read the question to the witness, please?

(The following question was read: "Didn't he say that the mode of doing business of the sale of Wake Development Company's holdings of Trinidad stock had been investigated as to the manner that I have previously outlined to you, namely, an allowance for shares in a defunct company, the exercise of the so-called rights and the letters going into the Wake asking for permission to exercise the rights and so forth?")

The Witness: I don't recall Mr. Danziger saying so; [657] but I do know that the Commission had that information.

Q. Very well. Didn't Mr. Danziger say if there was anything wrong with the manner in which Wake Development Company had been carrying on its business in respect to the sale of its shares of stock, why didn't the Securities and Exchange Commission take any action pursuant to Section 20 of the Act?

A. Mr. Danziger didn't say that to me.

(Testimony of Allen G. Mainland.)

Q. Did he tell you that they had never served a stop order on the Wake Company?

A. No, he didn't say so.

Q. Didn't he mention that he had never been told that there was anything improper in that method of operation?

A. No, he did not. He had been told there was.

Q. Who told him, you? A. Mr. Freeman.

Q. Were you present? A. No, I was not.

Mr. Rose: Move that his answer be stricken as a conclusion of the witness and not responsive to the question.

Mr. Lucas: I think it is very responsive. He asked him who told him.

Mr. Rose: I am not speaking of that phase. I wanted to clear it up so I could establish, as a matter of law, that his answer is not responsive to my question, is voluntary, and hearsay and a conclusion of the witness. [658]

The Court: Is that based on hearsay or something Danziger told you?

The Witness: It was based on evidence that the Commission adduced in a previous investigation.

The Court: Based on Commission files?

The Witness: Yes.

The Court: That is where you got the information?

The Witness: Yes.

Q. By Mr. Rose: Have you got any document to that effect?

A. Yes.

(Testimony of Allen G. Mainland.)

Q. Any document that was ever transmitted to the Wake Development Company prior to your conversations with Danziger where the Securities and Exchange Commission told the Wake Development Company to desist from the sale of that stock?

A. I have photostats.

Q. Have you got any letter to that effect that was ever transmitted to Mr. Danziger or the Wake Development Company?

A. I have a photostat of a wire from Mr. Danziger to his sister telling her——

Q. Mr. Mainland, you have been in court frequently, and I take it from matters that have been related here you are somewhat familiar with the rules of evidence.

The Court: Finish the answer. What were you going to say? [659]

The Witness: Photostat of a wire from Mr. Danziger to his sister from London telling her to disregard the advice of Mr. Freeman of the Commission and to continue her business with Carmen.

Mr. Rose: I move that answer be stricken as hearsay, no proper foundation laid, voluntary, endeavored to be prejudicial, and not responsive to the question.

The Court: You brought it out. Motion denied.

Mr. Rose: May an exception be noted?

The Court: Exception.

Mr. Rose: If your Honor will permit it, I would like to have the question read so I can determine

(Testimony of Allen G. Mainland.)

whether I did develop this thing here. Will your Honor permit it?

The Court: Yes.

Mr. Rose: Will you read the question I asked the witness?

(The following question was read: "Have you got any letter to that effect that was ever transmitted to Mr. Danziger or the Wake Development Company?")

Q. By Mr. Rose: You are familiar with Section 20 of the Act?

A. I can't say that I am.

Q. Well, take a look at it.

A. After reading the Act I think I am fairly familiar with that. [660]

Q. Wasn't this section discussed between you and Mr. Danziger?

A. I wouldn't say that it wasn't. I don't recall ever discussing it with him, but I wouldn't want to be too positive about it. It may have been.

Q. He told you that no injunction had ever been applied for or issued?

A. He may have. I knew there hadn't been.

Mr. Rose: I am not altogether certain, your Honor, of whether the Court takes judicial notice of respective sections of this Securities Act.

The Court: Yes, all Federal statutes.

Mr. Rose: That is, the Court does take judicial notice of it?

The Court: Yes.

Q. By Mr. Rose: Can you answer this without

(Testimony of Allen G. Mainland.)

—that is, answer it directly? Are you in possession or do your files have within it a letter directed to the Wake Development Company telling the Wake Development Company that this practice is improper? Will you answer that yes or no?

A. Read the question, please.

(The question was read.)

The Witness: I have not.

Q. By Mr. Rose: In the file there was a registration record of the consideration of the properties of the Trinidad Company, is that correct? [661]

A. I don't quite follow you. What do you mean by consideration for properties?

Q. Well a prospectus as provided for in the Act had been approved by the Securities and Exchange Commission, had it not? A. No.

Q. What is that?

A. No. There had been a registration statement filed with the Commission in 1934. It became——

Q. Was there a copy——

Mr. Lucas: I ask that the witness be given the privilege of completing his answer before he is interrupted.

The Court: He will. Try again, Mr. Rose.

Q. By Mr. Rose: Did you find a form of prospectus of the Trinidad International Petroleum Company within the file and in the possession of the S.E.C.?

A. I did.

Q. May we have it, please?

The Witness: No. 97.

(Testimony of Allen G. Mainland.)

Mr. Lucas: That doesn't mean anything to me.

(Witness leaves the witness stand.)

Mr. Rose: Mr. Mainland, in the interest of expediting this, while you are down here now, will you please extract from the records, first, the record of the proceedings had culminating in the registration of the T.I.P. stock, the prospectus, and all of this communication between the State [662] Department and the British Departments in respect to the T.I.P. stock concerning which you made some comment in your direct examination?

The Court: One or more of the counts are sales of securities in violation of the registration provisions of the Act?

Mr. Lucas: Yes.

The Court: You haven't proven that, have you?

Mr. Lucas: Yes, we think the exhibits already in evidence prove that. It is merely a matter of law.

The Court: What have you proven about non-registration?

Mr. Lucas: They must come within the exemption, your Honor. They didn't register. Mr. Mainland testified that they were not registered, and the certificates are in evidence.

Mr. Rose: That is not correct, your Honor. As a matter of fact——

The Court: Let me finish, please.

Mr. Rose: Excuse me, please.

The Court: I haven't finished asking my questions. Mr. Lucas, you better look up here, we will

(Testimony of Allen G. Mainland.)

get along better. When did Mr. Mainland testify—this morning?—that the stock was not registered?

Mr. Lucas: Yes.

The Witness: It was last Thursday, your Honor.

The Court: Not this morning he didn't. [663]

Mr. Lucas: He testified when he first went on the stand as to the introduction of these two exhibits here, that they were not registered and these two exhibits were offered in evidence. The testimony went in at the time these exhibits were introduced, your Honor.

The Court: Clerk, hand those to me.

Mr. Rose: On the contrary, your Honor, the exhibit there shows there was a registration. There was no registration of Wake Development Company.

The Court: You might tell me a little more of the government's theory.

Mr. Lucas: The Wake Company, if the Court please, is a defendant in this case, and the counts referring to registration are counts 8, 9, 10 and 11, and it is the contention of the government that those counts are particularly applicable to both Mr. Danziger and the Wake Development Company.

The Court: Was the Trinidad stock registered?

Mr. Lucas: To the extent as shown here only.

The Court: What do you mean by that?

Mr. Lucas: This recites that a registration statement was filed with the Federal Trade Commission May 9, 1934, by Trinidad. And this other one—I read just now from Exhibit 78; and the other one—

(Testimony of Allen G. Mainland.)

The Court: Don't read the other one. What more, under the government's theory, should they have done to——

Mr. Lucas: Because of the offer in 1934 under the [664] Securities Act, the law was that they didn't have to register except for sales of securities in excess of a certain sum, and here we expect to show by an analysis of all this testimony that a public offering was made of far in excess of that amount, and that it wasn't properly registered; and, further, if the registration as made doesn't comply with the law, it is up to them to defend that they came in on the grounds of one of the exemptions.

If the Court please, the law, simply stated, is anybody that offers a security for sale must have the registration statement on file covering the detail of that entire thing.

The Court: Was that filed for Trinidad?

Mr. Lucas: This Exhibit 78 recites that this registration statement was filed with the Commission May 9, 1934, by Trinidad International Petroleum, Limited, pursuant to the provisions of the Securities Act, under a certain file number.

It further certifies that the books and records of this Commission do not disclose that any filing other than the above has ever been made with the Commission under the name of the Trinidad International Petroleum, Limited, pursuant to the provisions of the Securities Act of 1933 as amended.

Now, it may be—and I would have to take a little time out to answer your Honor—this was fully ef-

(Testimony of Allen G. Mainland.)

fective up in '38, '39 and '40, when the operations covered by the testimony here were under consideration. [665]

The Court: You know what the government's theory is about it. You didn't have any opening statements in the case. I didn't make any statements about it, and counsel apparently hasn't. The time has come now when I need to understand the alleged non-registration. Did that registration expire by limitation, or was it defective, or what was it?

Mr. Lucas: That I can't answer now. If you give me a little time I can answer it in the morning.

The Court: You better consult with Mr. Mainland——

The Witness: I shall be glad to testify.

The Court: You better talk with counsel. This testimony is meaningless unless the government's theory is fully developed.

Mr. Lucas: Will you step down, Mr. Mainland, please?

Your Honor, the theory of the government is this: that the registration statement now on file, certificate of which is on file, applies to 100,000 shares of Wake stock——

Mr. Rose: Wake stock?

Mr. Lucas: Trinidad stock, that was never sold; and that there is no registration statement on file for the 165,000 shares of Trinidad stock sold by Wake. That the evidence all going in now has reference to the stock sold by Wake for which there

(Testimony of Allen G. Mainland.)

was no registration on file whatever, and these certificates that are being talked about as being filed with S.E.C. applies to a totally different stock issue. [666]

The Court: Continue, Mr. Rose.

Q. By Mr. Rose: The practice, of course, of the S.E.C. as you have known it at all times was after a registration the prospectus is submitted and the prospectus is either approved or disapproved, is that correct?

A. No, that is not correct.

Q. Isn't there a provision in——

A. On the face of——

Q. ——Section 10 respecting a prospectus?

A. Yes, there is, a prospectus is necessary to be filed. On the face of each prospectus is a required statement that the Commission has not approved the issue or—the wording is standard, I can't recall it.

Q. That it doesn't recommend it, but it has satisfactorily passed on the matters set forth, considered and passed on whether there are any misstatements in the prospectus; isn't that correct?

A. No, that isn't correct; but I don't know that I am qualified to comment on it.

Q. Let's have the prospectus you found in your files, please.

A. This is a photostatic copy of the prospectus which was filed with the original registration.

Mr. Rose: At this time, your Honor, on behalf of all three defendants, two corporate defendants and defendant J. M. Danziger, I offer as our ex-

(Testimony of Allen G. Mainland.)

hibit the prospectus identified as having been lodged with the Federal Trade Commission, securities Division, on May 9, 1934.

The Court: It may be admitted.

The Clerk: Defendants' A.

(The document referred to was marked as Defendants' Exhibit A, and was received in evidence.)

Q. By Mr. Rose: Your files reflected, did they not, that the Securities and Exchange Commission had authorized the sale of Trinidad stock at \$5.00 per share?

A. Yes, it had authorized the sale of treasury stock of Trinidad International Petroleum Limited.

Q. In other words, they investigated what Trinidad assertedly possessed and had to offer and authorized the sale of shares of Trinidad stock at \$5.00 per share; isn't that correct?

A. They had not investigated it. They had authorized the filing to become effective. The responsibility was on the filer for any statements made in it.

Q. You told us the first time you saw Danziger he furnished you with Cunningham Craig's, a British eminent geologist, report on the oil properties in Trinidad, did he not? A. He did.

Q. Did you ever inform Mr. Danziger in any of these conversations that any of the statements or declarations in [668] that geological report were untrue? A. No, I did not.

Q. Did your files reflect that any geologist had

(Testimony of Allen G. Mainland.)

reported otherwise than this British geologist Craig? A. No.

Q. You had no such information?

A. No, I didn't.

Q. Did you in the course of your investigation ascertain whether or not there were two wells on these properties that had gone down to a certain depth? A. No, I did not.

Q. Did your files indicate in any manner or form that there were no such two wells?

A. No, they did not.

Q. In the course of your investigation did you establish or ascertain whether the properties over which the Trinidad Company had certain oil rights in fact had oil on it? A. I made an effort.

Q. Did you ascertain that there was no oil visible? A. No, I did not.

Q. Did you ascertain in the course of your investigation that sums in excess of a quarter of a million dollars had been expended in connection with those rights?

A. I didn't ascertain whether they had or had not.

Q. In other words, you don't know whether it had or had not? [669]

A. No. Mr. Danziger told me that he understood that a great deal larger sum than that had been spent on some phase of the——

Q. He told you there had been a sum expended probably in excess of a half million dollars, didn't he?

A. I think he did.

(Testimony of Allen G. Mainland.)

Q. Did you ever ascertain that that was not a fact?

A. I think my only information came from Mr. Danziger on that.

Q. Mr. Mainland, why don't you answer my question? This is a very dangerous form of examination; I am opening the door as wide as the Grand Canyon, and I rely on your integrity, and I am giving you a chance to tell us, if you did ascertain whether that statement was false or untrue I am giving you an opportunity to tell us that you did.

A. I did not ascertain what, if any, sums had been spent in a prior development.

Q. Mr. Danziger told you, did he not, in the course of some of these conversations that he had actually succeeded in England in raising, in getting a commitment for money to begin operations?

A. He said he had a tentative commitment.

Q. And didn't he tell you that it was because of your activities—by “your” I mean the S.E.C., I don't mean you personally—that it was because of your [670] activities that that deal had been ruined?

A. I hesitate to tell you what he actually told me. I am afraid you will consider it prejudicial.

Q. Can't you answer my question?

A. He didn't tell me what you say he told me.

Q. Well, then your answer is he didn't say that?

A. No.

Q. All right. In the course of your investigation you ascertained that Mr. Danziger had spent over two years in England on this enterprise?

(Testimony of Allen G. Mainland.)

A. Yes.

Q. And that he had spent his own funds in connection with all of that activity?

A. I don't know that.

Q. You don't know of anybody that gave him any money to carry on over in England?

A. I don't know of anyone who gave him any, no; I——

Q. You have gone over the books, haven't you?

A. I have gone over the material that was furnished to me.

Q. You found in the course of your investigation and in the discussion with Mr. Danziger, that there had been numerous communications between British departments involving proposed business, and the State Department at Washington, and so forth, didn't you?

A. Yes, there had been. [671]

Q. And you had such papers in your files and in your possession?

A. Yes, Mr. Danziger gave them to me.

Q. Have you got them with you?

A. Yes, I have.

Q. Haven't you the originals, Mr. Mainland?

A. Yes, I have. There is another file. The file of papers I found—rather, that was in a folder marked Colonial Office, Mr. Danziger gave me. There is another file in a folder entitled "Registration Great Britain".

Q. Mr. Mainland, if you don't mind, let's take these one at a time.

A. Surely.

(Testimony of Allen G. Mainland.)

Q. Because the record will reflect some particular group of papers.

I call your attention to a group of papers that purports to reflect communications between J. M. Danziger and the Under Secretary of State, Colonial Office, in London, and from that office to him, and the Department of State at Washington, and the Chairman of the Trinidad International; in the course of your investigation you found, did you not, that these communications had, in fact, been had between the parties reflected therein?

A. No. I accepted that file as being what it purported to be. I made no investigation with the State Department or the Colonial Office. [672]

Q. Let's put it this way, if we may: You were satisfied that the communications reflected in this file were, in fact, had?

A. I was satisfied, yes.

Mr. Rose: I offer these as our exhibit, your Honor, in behalf of all defendants.

The Court: They are admitted.

The Clerk: B.

(The document referred to were marked as Defendants' Exhibit B, and were received in evidence.)

Q. By Mr. Rose: You have handed me a group of papers that were turned over to you in the course of your investigation, between the Department of State at Washington and Danziger and the Trinidad International; does the same hold true as to this group of papers? A. It does.

(Testimony of Allen G. Mainland.)

Mr. Rose: I offer these as next in order, your Honor, on behalf of all defendants.

The Court: They are admitted.

The Clerk: C.

(The documents referred to were marked as Defendants' Exhibit C, and were received in evidence.) [673]

Q. By Mr. Rose: There are some more you commenced to tell us about.

(Witness hands counsel some papers.)

A. I think that is all.

Q. You have handed me some documents from the Companies' Registration Office in England, and Mr. Danziger, the Trinidad Company; does the same apply to this? A. It does.

Mr. Rose: I offer these as next in order.

The Court: They are admitted.

The Clerk: D.

(The documents referred to were marked as Defendants' Exhibit D, and were received in evidence.)

Q. By Mr. Rose: When Danziger told you that he had been over to finance the commencement of operations of the Trinidad Company in England, did you make any endeavor to ascertain whether he had been over for that purpose?

A. No; I accepted his statement that he had.

Q. If my memory serves me, in the course of your inquiry of Mr. Danziger, you discussed with him a Dr. Paddleford. A. Yes, I did.

(Testimony of Allen G. Mainland.)

Q. Incidentally, did you, Mr. Mainland, inform Mr. Danziger that somebody had assertedly signed the letter with the name of Dr. Paddleford?

A. I don't recall whether I informed him of that or not. I questioned him as to the material contained in a [674] letter, and I asked him about Dr. Paddleford; but whether I told him there was a letter signed by Dr. Paddleford, I don't recall.

Q. Well, you know that you never told him that somebody, ostensibly, had forged the name of Paddleford to a letter, you never told him that at all, did you?

A. If I did it was an inadvertance, I didn't intend to.

Q. In other words, you didn't intend to tell him.

A. No, I did not.

Q. But you were questioning him about Paddleford in the text of some alleged communication by one Paddleford, without disclosing to him that there was, purportedly, in existence any such communication.

A. That exactly states the facts.

Q. You had no idea of what Mr. Danziger would have done had you told him that you suspected that somebody had written a letter to that effect?

A. No, I had no idea.

Q. In the course of this testimony there has been some mention made about New Mexican oil leases; do you recall that? A. Yes.

Q. Do your records reflect or do they not reflect that there was a registration had in the S. E. C.

(Testimony of Allen G. Mainland.)

showing a lease on 20,000 acres of oil lands in the State of New [675] Mexico, with a State geologist's report on the same?

A. I don't like to say our records don't reflect it, because they may; but I have no knowledge of any such thing myself.

Q. Have you got the file with you here?

A. I have not the file of the Commission, no.

Q. Well, haven't you in your possession or among your papers in your custody the State geologist's of New Mexico report on the 20,000 acres over which the Trinidad Company had a lease?

A. It was my understanding that they did not have a lease.

Q. Would you say that there wasn't a lease of that kind filed with your office?

A. No, I told you I couldn't say. I know of none; but there may be. I haven't seen all of the Commission's files.

Q. Well, have you just assumed, have you, Mr. Mainland, that there wasn't a lease on 20,000 acres in New Mexico?

A. No, I haven't assumed it.

Q. By the way, did you ever read that prospectus? A. No.

Q. Well, doesn't the prospectus refer to this 20,000 acre lease in New Mexico?

A. I think it may refer to an option on one. It is my recollection that Mr. Danziger told me that the [676] T. I. P. never acquired the lease; that it had an option, and that it never exercised it. And my own investigation confirmed that.

(Testimony of Allen G. Mainland.)

Q. Have you in your possession a copy of that option?

A. I have several papers on it in my file.

Q. Will you produce them, please?

A. I think I can if I may take the time.

Q. Or would you prefer to do it during the recess?

A. At recess would be better.

Q. We will see if we can't make a little time. Now, your files reflect, do they not, that the original leases had been transmitted from London to the S. E. C. office here, and then returned to London, on the 200 parcels involved in the Trinidad deal?

A. My examination of the files that were available to me does show that the originals were in Los Angeles and were transmitted to London.

Q. In other words, they were sent to the S. E. C. at their request from London, and then returned to London; that is what your file reflects, does it not?

A. It doesn't reflect exactly that. I will be glad to tell you what it does reflect.

Q. Go ahead, Mr. Mainland. I have never seen your files; I am asking you about it.

A. To the best of my recollection, our files reflect [677] that the Los Angeles office, that is, Mrs. Faulkner, was asked by the Commission to produce the original leases at the time Mr. Danziger was in London. And whether they were transmitted from London or not, I don't know. They were produced for a few days in Los Angeles, and Mrs. Faulkner was requested to retain them here, but

(Testimony of Allen G. Mainland.)

Mr. Danziger advised her he needed them in London and she returned them to him.

Q. In any event, they went back to London.

A. Yes.

Q. Have you the file of the first so-called investigation? A. No, I do not.

Q. Incidentally, you have furnished me with the 1939 Wake Development income tax certified records? A. Yes, that is a certified copy.

Mr. Rose: I offer that, your Honor—part of it is already in evidence—as our next exhibit.

The Court: Admitted.

The Clerk: E.

(The document referred to was marked as Defendants' Exhibit E, and was received in evidence.)

Q. By Mr. Rose: Did you in the course of your investigation interview this man De Hart who was at the head of this gas company?

A. I had him interviewed. I didn't interview him personally. [678]

Q. You found that there was such a man?

A. Yes, yes there was; he was in Bridgeport, Connecticut.

Q. And you found that he was one of the signatories to this agreement, which, with some omissions is in evidence as 82?

A. I think he said he was.

Q. That is, he was the signatory and the president of that company? A. Yes.

Q. Incidentally, were you the person that ap-

(Testimony of Allen G. Mainland.)

peared before the Grand Jury antecedent to the filing of this indictment.

A. I was one of the witnesses.

Q. What is that?

A. I was one of the witnesses.

Q. Were any of the persons that were produced here brought before the Grand Jury?

A. I recall that Miss Skinner was.

Q. I can't hear you.

A. I recall that Miss Skinner was.

Q. That was the only one?

A. So far as I know.

Q. Am I correct that the only persons appearing before the Grand Jury were Miss Skinner and yourself?

Mr. Lucas: To which we object on the ground it is [679] outside the scope of the direct examination of the witness, and what occurred before the Grand Jury is a matter of secrecy and cannot be inquired into by the defendant.

The Court: You don't know who appeared before the Grand Jury, do you?

The Witness: I know, your Honor.

The Court: You weren't there all the time, were you?

The Witness: No, I was outside and I watched them go in.

Q. By Mr. Rose: In other words, you were in attendance while the presentation was being made?

A. I was not present in the Grand Jury room.

Q. But outside? A. Yes.

(Testimony of Allen G. Mainland.)

Q. You marshaled the witness to appear?

A. Yes.

Q. And you know who they are? A. Yes.

Q. And they were yourself and Miss Skinner?

A. Yes.

Q. And that is all? A. As far as I know.

The Court: The District Attorney usually testifies a little, too.

Mr. Rose: I have always thought so, your Honor, but it never appears in the record. [680]

Incidentally, your Honor, I want to clear up a point. I haven't any quarrel with it, and I probably did. Your Honor indicated I opened the door for some statement that he made. I would like your Honor, if you see fit, to let us—we haven't any objection, your Honor, in fact, I would like to offer the entire investigation file of so-called early investigations, if your Honor would deem it competent.

The Court: No.

Mr. Rose: I have questioned whether the court would permit it, but I make an offer, your Honor, in view of the statement of this witness, I make an offer to present to your Honor as the record evidence in this case, the entire investigation file of the S. E. C.

The Court: Any objection?

Mr. Lucas: Your Honor, I first want to ask counsel: Do you have that in your possession here so it can be examined?

Mr. Rose: How can I possibly have it in my

(Testimony of Allen G. Mainland.)

possession? It is in the possession of the Securities and Exchange Commission.

Mr. Lucas: Is it under subpoena so we can produce it and identify it?

Mr. Rose: I don't think we have the power to subpoena that record.

Mr. Lucas: Have you served any previous request on me or the Commission to produce it? [681]

Mr. Rose: No, I don't make it a practice to ask for a subpoena duces tecum unless I can describe the document. I don't think the subpoena would be any good on any description I can present.

Mr. Lucas: I don't want to be in the position of depriving counsel for the defendant or the defendants themselves of anything that they deem proper to introduce in evidence in their defense of this case, and I want to say that if they will identify for me or for Mr. Mainland anything that they deem necessary for their defense, that we will try to produce it for them; but this shot gun offer of the entire file of the investigation, I don't quite understand that kind of an offer.

The Court: You don't need to understand it; I have rejected it.

Mr. Rose: Are you objecting to the offer?

Mr. Lucas: I made my statement, Mr. Rose.

Mr. Rose: What is the ruling of the court?

The Court: I rejected the offer.

Mr. Rose: Very well. May we take a few minutes recess? I don't think I will be more than an-

(Testimony of Allen G. Mainland.)

other minute, if at all, with this witness, your Honor.

The Court: You will have another witness?

Mr. Lucas: Yes. I have my expert to call next. It will take some time, however.

The Court: And you will start in with your closing [682] witness, also, then?

Mr. Lucas: Probably, your Honor.

The Court: We will take 10 minutes.

(Short recess was taken.)

Q. By Mr. Rose: Mr. Mainland, you have been good enough to hand me a group of papers, and I haven't had a chance to examine them; may I ask you whether these papers are papers that were in the possession of the S. E. C.? A. Yes.

Q. And these forms of agreement, that is, operating agreement and other papers, relate to the T. I. P. New Mexico proposed deal?

A. To the best of my knowledge they do. They were in the files, having been obtained, I understood, from Mr. Danziger or his office at some time prior to the time I was assigned to this matter.

Mr. Rose: May they all be received, your Honor, as one exhibit?

The Court: Admitted.

The Clerk: F.

(The document referred to were marked as Defendants' Exhibit F, and received in evidence.)

(Testimony of Allen G. Mainland.)

Mr. Rose: I think that will be all, your Honor.

Mr. Lucas: That is all, Mr. Mainland.

(Witness excused.)

Mr. Lucas: Call Mr. Conway. [683]

JAMES V. P. CONWAY,

called as a witness by and on behalf of the government, having been first duly sworn, was examined and testified as follows:

The Clerk: State your name, please.

The Witness: James V. P. Conway.

Direct Examination

By Mr. Lucas:

Q. What is your occupation, Mr. Conway?

A. I am a Post Office inspector and examiner of questioned documents.

Q. How long have you been such?

A. I have been a Post Office inspector about three years, and examiner of questioned documents about five years.

Q. Describe the duties of your assignment with the Post Office Department.

A. I am assigned exclusively to the analysis of questioned documents which arise in cases of the Post Office [684] Department—

Mr. Rose: Excuse me. In the interests of time, I say to you very frankly that I note nothing to

(Testimony of James V. P. Conway.)

the contrary, that this man is not an expert in the field that he is—it may be handwriting—and I will stipulate to his qualifications to express an expert opinion in that regard, your Honor.

Mr. Lucas: I am satisfied with the stipulation if the court is.

The Court: Yes.

Mr. Rose: We can save that much time.

Mr. Lucas: In the interests of further saving of time, I will ask you if you care to stipulate concerning these exhibits which I now show you. I can run through them very hurriedly.

Mr. Rose: I haven't studied these. As you will hand them, if it appears these are going to be offered in evidence, I may be able to assist in expediting this thing. I can't stop to look these over carefully now.

Mr. Lucas: Everything which I have handed now and which I will hand this witness now are in evidence.

Mr. Rose: They are already in evidence?

Mr. Lucas: They are already in evidence.

Mr. Rose: Then let me take a look at them. What part of this document?

Mr. Lucas: With relation to Exhibit 14, I will ask you if you are prepared to stipulate that on the photostatic [685] copy of the recollection receipt the words "Wake Development Co." and "Alda Faulkner" were written on the original of which that is a photostat by Alda Faulkner.

Mr. Rose: Yes. That name is subscribed to by

(Testimony of James V. P. Conway.)
that person.

Mr. Lucas: All right. I show you Exhibit 15, consisting of four checks, on the checks of Wake Development Co., and ask you if that is a true signature of J. M. Danziger on there.

Mr. Rose: I so stipulate.

Mr. Lucas: I show you Government's Exhibit 16, being an original application for 1, 2, 3, 4, 5, 6 applications for money order, and on each of the applications there appears the handwriting name "A. Levy," and I will ask you if you will stipulate that that signature "A Levy," as well as the handwriting, is the signature of Jacob M. Danziger, the defendant in this action. Will you so stipulate?

Mr. Rose: Yes.

Mr. Lucas: Now, I understand that in the course of our investigation by Mr. Mainland here we found that a man by the name of A. Levy was, in fact, related to Mr. Danziger, for whatever relevancy that may have. He does have a relative by the name of A. Levy.

I show you Government's Exhibit 18 in evidence, and direct your attention to the Western Union money order application and handwriting thereon, and particularly the [686] signature of "A. Levy," and ask if all of the handwriting on that application for money order, including the words "George Carleton," and the address is in the handwriting of J. M. Danziger.

Mr. Rose: We so stipulate. Let's be sure of what we are talking about—

(Testimony of James V. P. Conway.)

Mr. Lucas: Only the first document on top, the application.

Mr. Rose: The application for money order, so stipulated.

Mr. Lucas: I will show you Government's Exhibit 19, in evidence, and particularly that portion having to do with the application for money order "Pay to George Carlton, Hotel Willard, 76th St. and West End Ave., New York City," and the signature "T. Mack"; below that "Hotel Alexandria," and I will ask you if you will stipulate that that is all in the handwriting of defendant Danziger.

Mr. Rose: You are addressing the stipulation—

Mr. Lucas: Only to the Western Union money order application.

Mr. Rose: So stipulated.

Mr. Lucas: I direct your attention to Government's Exhibit 20, that portion of it showing the application for the Western Union money order, the handwriting "Pay to George Carlton," and the signature "A. Levy," and ask you if that is in the handwriting of the defendant Danziger.

Mr. Rose: So stipulate. [687]

Mr. Lucas: I show you Government's Exhibit 21, being another photostatic copy of Western Union application for money order and direct your attention to the handwriting "George Carlton Western Union will call New York City," and the signature "A. Levy," and ask you if that is all in the handwriting of the defendant Danziger.

Mr. Rose: So stipulated.

(Testimony of James V. P. Conway.)

Mr. Lucas: I show you Government's Exhibit 22, and particularly call your attention to an application for Postal Telegraph money order, the handwriting "Mr. George Carlton will call New York City," and the signature "A. Levy Hotel Alexandria," and ask you if you will stipulate that is all in the handwriting of defendant Danziger.

Mr. Rose: That is, just the application for money order?

Mr. Lucas: That's right.

Mr. Rose: So stipulated.

Mr. Lucas: I show you Government's Exhibit 29, being a cashier's check, "Pay to the order of A. L. Roberts," and on the reverse side of the check I direct your attention to an endorsement, "A. L. Roberts," and ask you if you will stipulate that the endorsement on the back of the check "A. L. Roberts" is in the handwriting of the defendant Danziger.

Mr. Rose: We do not stipulate to this particular writing. [688]

Mr. Lucas: Very well. I show you Government's Exhibit 38, the same being a check, cashier's check, on the First National Bank of Farmingdale, and ask you if you will stipulate that the endorsement on the back, "Alice B. Skinner Adeline B. Skinner," are in the handwriting of Mr. Danziger or Alda Faulkner; and if the stipulation is that it is in the handwriting of Alda Faulkner, will you stipulate that it was placed there with Mr. Danziger's knowledge, consent, and approval?

(Testimony of James V. P. Conway.)

Mr. Rose: If my memory serves me, there is as part of the exhibit in this transaction a letter advising Miss Skinner that the check had been endorsed by somebody in the Wake Development Company, and that it cleared the bank. We stipulate that that is the case.

Mr. Lucas: Then, the reference in the letter is to this check?

Mr. Rose: Without a doubt. It mentions the date and the amount.

Mr. Lucas: I show you Government's Exhibit 39, a letter apparently addressed to Miss Skinner, from which the top of the letterhead has been taken off, and ask you if you will stipulate that the signature at the bottom of the letter is the genuine signature of Danziger.

Mr. Rose: We so stipulate.

Mr. Lucas: I show you Government's Exhibit 44, being a carbon copy of a letter dated October 4, 1939, addressed [689] to Miss Adeline B. Skinner, and ask you if you will stipulate that the initials at the bottom of the letter, "JMD Pres" is in the handwriting of the defendant Danziger.

Mr. Rose: This is the letter I was talking about with relation to the check, and we stipulate to those pencilled initials and the word "Pres" as being in the handwriting of Danziger.

Mr. Lucas: I show you Government's Exhibit 54 and call your attention to pencilled notations on the reverse side of a letter on McCoy's stationery, 541 Grant Street, Cadiz, Ohio, dated February 24,

(Testimony of James V. P. Conway.)

1938, and ask you if you will stipulate that the pencilled memoranda in words on the back of that letter are in the handwriting of the defendant Danziger.

Mr. Rose: You have reference to the second document in this exhibit, which bears the date of February 24, 1938?

Mr. Lucas: I do.

Mr. Rose: Identified by Harold J. McCoy as a communication of his, on the back of which appears a pencilled draft of a letter which is, in turn, typewritten by the next document under date of February 26, 1938?

Mr. Lucas: Yes, I think it is exactly the same thing.

Mr. Rose: We stipulate that pencilled memoranda for the text of the next letter is in the handwriting of Danziger.

Mr. Lucas: Very well. I refer you to Government's [690] Exhibit 71, and to a portion of that exhibit, a yellow second sheet headed "Wilmington, November 15th, Wake Development Co., Dear Sirs"——

Mr. Rose: What year?

Mr. Lucas: There doesn't seem to be any year there, Mr. Rose. I am only referring to this for the purpose of identifying——

Mr. Rose: In other words, you just want a stipulation as to the pencilled handwriting?

Mr. Lucas: Exactly.

(Testimony of James V. P. Conway.)

Mr. Rose: As to whether it is the handwriting of Danziger?

Mr. Lucas: Right.

Mr. Rose: It is.

Mr. Lucas: I show you Government's Exhibit 75, being a tabulation of names and amounts, headed at the top, "To accompany schedule 'C'" and to the pencilled memoranda there under the caption "1940": May 11—Elizabeth Parsons 600 shares \$950 Aug. 8—W. E. Edwards 300 shares \$1000, total \$1950, and ask you if you will stipulate that that handwriting is in the handwriting of the defendant Danziger.

Mr. Rose: It is so stipulated.

Mr. Lucas: Now I show you Government's Exhibit 55, dated May 19, 1938, and addressed to Logan Lindley, and ask you if you will stipulate that the handwriting at the bottom of the letter reading, "Copy to OT" is in the handwriting of [691] Mr. Danziger.

Mr. Rose: This letter apparently did get in evidence.

Mr. Lucas: Yes, I think you insisted on it, Mr. Rose.

Mr. Rose: I did?

Mr. Lucas: To my recollection.

Mr. Rose: Well, we will stipulate, without acceding to your interpretation of the pencilled memo., that whatever it is is in the handwriting of Danziger.

Mr. Lucas: All right. I accept all those stipu-

(Testimony of James V. P. Conway.)

lations. I show you now Government's Exhibit 68, and direct your attention to that part of it which is found in the next to the last sheet of the exhibit, and being the last part of the exhibit, the handwriting at the top of the letter is "Trinidad International Petroleum Lt., 14 Floor Continental Building, Los Angeles, Cal.," and I will ask you if you will stipulate that above the Trinidad International Petroleum writing there is a notation as follows: "OT—We have not answered this—please instruct," and ask you if that is in the handwriting of Mr. Danziger.

Mr. Rose: I believe, Mr. Lucas, that the record will reflect the the testimony of Danziger, during the course of his sworn statement, respecting his opinion as to this portion of this exhibit, and we will stand on that. If you will recall, he said that he thinks it is his handwriting, but it may not be. We will stand on that testimony in relation to this particular item. [692]

Mr. Lucas: Very well. I show you Government's Exhibit 65, being the note journal of the Trinidad International Petroleum Co., and ask you if you will stipulate that all of the writing in that, and the figures opposite the writing, is in the handwriting of Mr. Danziger.

Mr. Rose: Mr. Lucas, we are prepared to stipulate that each and all of the writing and figures in this document in pen and ink are in the handwriting of Danziger. There is an indistinguishable little pencilled thing in this page which is not the

(Testimony of James V. P. Conway.)

writing of Danziger, and I don't even know what it says. Do you know what it says?

Mr. Lucas: I don't know, and I am really not interested. I am perfectly willing to exclude that.

Mr. Rose: Other than that, it is stipulated that all of the writings and the figures therein are in the handwriting of Danziger.

Mr. Lucas: All right.

Q. By Mr. Lucas: Mr. Conway, I will ask you if in the course of your work in preparing to testify in this case you were given exemplars in the handwriting of Mr. Danziger.

Mr. Rose: Just a moment. I object to that as calling for a conclusion of the witness, no proper foundation laid. I address that objection to incorporating in the question the term "exemplars," since if such were the case they would be the best evidence.

Q. By Mr. Lucas: Well, alleged exemplars of Mr. [693] Danziger's handwriting?

Mr. Rose: Then we object to it as incompetent and immaterial and not the best evidence.

The Court: Overruled.

The Witness: Yes, I examined writings which were purported to have been written by Mr. Danziger, and others that were questioned to be written by him.

Mr. Rose: Just a moment. If you don't mind, I was going to ask the court for an exception to the ruling.

The Court: Exception allowed.

(Testimony of James V. P. Conway.)

Mr. Rose: I now move to strike his answer as a conclusion of the witness.

The Court: Motion is denied.

Mr. Rose: May an exception be noted as to that?

The Court: Exception allowed.

Q. By Mr. Lucas: Will you tell the court, Mr. Conway, what you looked at as exemplars of the handwriting of Mr. Danziger?

A. I was given a journal which, I believe, is in evidence here.

Q. I direct your attention to the very last exhibit, concerning which we had a stipulation, namely, Government's Exhibit 65, and ask if that is the journal that was provided you and which you used as an exemplar of Mr. Danziger's handwriting.

A. Yes, this Exhibit 65 is one of the exemplars that I [694] used.

Q. Anything else, now?

A. Yes, there were three certificates.

Q. Of stock? A. Yes.

Q. Were you provided with sufficient exemplars on which you could base a conclusion as to a questioned document, whether or not that was in Mr. Danziger's handwriting?

Mr. Rose: I object to that as calling for a conclusion of the witness.

The Court: Overruled.

Mr. Rose: May an exception be noted?

The Court: Yes.

(Testimony of James V. P. Conway.)

The Witness: Yes, I had sufficient exemplars to reveal in my judgment the writing habits of Mr. Danziger.

The Court: You haven't identified the shares of stock.

The Witness: The certificates were in the names of Marthine Bandel, Adeline B. Skinner, and Elizabeth Parsons.

Q. By Mr. Lucas: I show you what has been handed to me, a certificate stub for 175 shares issued to Marthine Bandel, and a certificate stub C 214 for 100 shares to Adeline B. Skinner, and another certificate stub B 153 issued to Elizabeth Parsons, and ask you if you used any or all of those as your exemplars.

A. Yes, I used those three certificates.

Mr. Rose: Let me find out if that is his handwriting, [695] and you may have a stipulation on that.

You can have a stipulation, counsel, that the pen and ink notations on the certificate stubs Nos. 265, 214, and B 152 are in the handwriting of Danziger.

Mr. Lucas: I will accept the stipulation.

Q. By Mr. Lucas: Now, then, having those exemplars in mind, I show you Government's Exhibit 68, in evidence, and direct your attention to a notation that is on a handwritten letter on plain stationery, to the legend at the top there as follows, "O. T.—we have not answered this—please instruct," and ask you if you examined that in the

(Testimony of James V. P. Conway.)

course of your work in preparation for testifying in this case? A. Yes, I did.

Q. And have you formed an opinion as to whose handwriting that is? A. Yes, I have.

Q. And in your opinion whose handwriting is it?

A. Based on my examination of this pencilled endorsement here, and the exemplars of the handwriting of Danziger, I reached the conclusion that this notation was in Danziger's handwriting.

Q. Very well. Now, I show you Government's Exhibit 29 and ask you to direct your attention to the endorsement on the back of the check, the endorsement reading, "A. L. Roberts," and ask you if you have examined that before.

A. Yes, I have. [696]

Q. Have you an opinion as to whose handwriting it is in?

A. Not an unqualified conclusion. I did reach an opinion, yes.

Q. And what is your opinion?

A. Well, I am inclined to the conclusion that this endorsement, "A. L. Roberts" is in the same handwriting as this pencilled notation in the exemplars of Danziger. There is somewhat more variation exemplified in this endorsement, but it is in my judgment not without the range of Danziger's writing.

Mr. Rose: I move that the answer be stricken on the ground it is not competent and not an expert opinion; purely surmise, conjecture, and speculation.

(Testimony of James V. P. Conway.)

The Court: Stricken.

Mr. Rose: If your Honor will permit a belated objection, I would appreciate it, your Honor, as to the previous question, for this reason: The question is really argumentative in this, your Honor—as I recall the sworn testimony in which inquiry was made as to this pencilled line, there was no denial there. The witness testified he believes it to be his handwriting, but it may not be. I do not believe, your Honor, although I am not particularly alarmed about this little bit of business here, I don't believe under the rules of evidence that it is proper. It calls for an opinion, since there is no denial or evasion in respect to this particular item. In other words, the witness, as I remember it, said that he believed it to be his handwriting, and I think [697] that is sufficient. There is no denial there, and therefore his opinion is offered in the form of impeachment, and I don't think there is any foundation for such evidence, and I therefore move that his testimony be stricken on the ground that it is immaterial and irrelevant.

The Court: The answer may stand.

Mr. Lucas: Now, Mr. Rose, I will ask you if you will stipulate for the record that as to any and all of the exhibits now in evidence where the signature J. M. Danziger appears, that is on the letterhead of the Wake Development Co., that it is the true signature of J. M. Danziger; and that as to any exhibit in evidence where the name Alda Faulkner appears, that it is the true signature of Alda Faulk-

(Testimony of James V. P. Conway.)

ner; and that where in those instances it appears that the signature J. M. Danziger, as testified to by Mr. Danziger in his sworn testimony read into the record, may have been written by Alda Faulkner, that as to that she had authority to sign.

Mr. Rose: Well, I would be glad to enter into that stipulation if I were afforded the opportunity to glance over this omnibus mass of documents. As you will recall, Mr. Lucas, in response to a suggestion of his Honor, we—at least, I dispensed with an examination of numerous of these documents, in order to expedite matters, and they went in subject to the right given me by his Honor to probably add to any objections then interposed. I would like an [698] opportunity to go over these before I enter into an omnibus stipulation of that kind. In other words, there may be one or two that may be questionable. I don't know. I would like to look at them.

Mr. Lucas: I don't want to hurry you on anything, but I have in mind that you said there would be no question about those and you would stipulate about them, and I want to get that stipulation in the record.

Mr. Rose: As I told you, Mr. Lucas, and you will find I will have no inclination to depart from that statement made to you in the presence of the Judge in open court, we will never raise a question of the signature of J. M. Danziger or Alda Faulkner where it appears to be their signature, and I don't intend to make you prove it. But there are numer-

(Testimony of James V. P. Conway.)

ous of these documents that I haven't even glanced at, because you will remember that his Honor had quite a number of them go in rapidly before I had a chance to look at them. Before I enter into a stipulation of that kind, I want to look at the documents.

Mr. Lucas: Yes, I will accept your statement.

Mr. Rose: I will do it on my own time. We are adjourning at what time today?

Mr. Lucas: 4:15 the court said. I want to ask you will you do it——

Mr. Rose: I will do it on my own time.

Mr. Lucas: Will you do it so I can excuse this witness [699] or have his testimony shortly after 10:00 o'clock tomorrow? This witness is down here from San Francisco, and I am anxious to excuse him.

Mr. Rose: I am assuring you, Mr. Lucas, and his Honor, that you will have no occasion to bring this witness down to give an expert opinion on any signature involved here, except I would like to look at the papers before I cover all of the exhibits.

Q. By Mr. Lucas: Mr. Conway, in connection with the testimony you expected to give in this case, did you make any investigation with respect to the typewriting on any of these letters?

A. Yes, I examined several typewritten letters with respect to the typewriting itself.

Q. Were you given exemplar to examine during the course of your investigation?

(Testimony of James V. P. Conway.)

A. Yes, I was given three letters as standard specimens.

Q. Three letters which?

A. Three letters as to standard specimens or exemplars.

Q. I see. I show you three letters and an envelope attached, and ask you if those are the three letters that you were provided with.

A. I examined these, but they weren't the three that I referred to.

Q. I notice some handwriting on the exhibit that I [700] handed you, on the letter dated Tuesday the 6th, "Dear OT," and ask you if in the course of your examination you examined that handwriting on that letter.

A. Yes, I covered this handwriting.

Q. Did you form an opinion as to whose handwriting that was in? A. Yes, I did.

Q. And in whose handwriting is that, in your opinion?

A. In my opinion this is in the handwriting of the defendant.

Q. Mr. Danziger?

A. Yes. These pencilled notations.

Mr. Lucas: I ask that this entire exhibit be marked for identification at this time. It perhaps could all go in at this time, but there are two documents, perhaps, that have not been tied up, so I ask that it be marked for identification.

The Clerk: 95, for identification.

(The documents referred to were marked as

(Testimony of James V. P. Conway.)

Government's Exhibit No. 95, for identification.)

Q. By Mr. Lucas: Now, then, I show you Government's Exhibit 85, and ask you to go through that and see if you can determine if any of the exemplars of typewriting which were provided you are in that exhibit.

A. Yes. One of them was a letter dated May 2, 1940, on the letterhead of Wake Development Co., addressed to Mrs. [701] Elizabeth Parsons; the second was a letter on the letterhead of Wake Development Co., dated August 10, 1940, addressed to Mrs. Frank B. Parsons. Those two are in Exhibit 85.

Q. I now show you Government's Exhibit 70 and ask you to examine that and tell me whether or not the third exemplar is in that exhibit.

A. Yes, the third letter is the last part of Exhibit 70, a letter dated May 25, 1938, on the letterhead of Wake Development Co., addressed to Raymond F. Walpert, Esq., Sebring, Ohio.

Mr. Lucas: I ask that this piece of paper be marked as government's exhibit next in order, for identification.

The Clerk: 96.

(The document referred to was marked as Government's Exhibit No. 96, for identification.)

Q. By Mr. Lucas: Mr. Conway, I show you

(Testimony of James V. P. Conway.)

Government's Exhibit 96, for identification, and ask you if you have seen this exhibit before.

A. Yes, I have examined the typewriting on this exhibit.

Q. Did you examine the typewriting on that exhibit in connection with the typewriting on the three exemplars about which you have just been testifying?

A. That's right, yes.

Q. Did you form an opinion as to whether or not the typewriting on Government's Exhibit 96, for identification, was typed on the same typewriter as the three documents which [702] you used as exemplars?

A. Yes, I did.

Q. And what is that opinion?

A. Well, it is my conclusion and opinion that the typewriting on this Exhibit 96 and the typewriting on these three documents that I previously referred to as exemplars all came from the same typewriting machine. In other words, the four letters were written on the same machine, in my opinion.

Mr. Rose: Pardon me. I didn't hear the last part. Will you read it please?

(Answer read.)

Q. By Mr. Lucas: I show you Government's Exhibit 95, for identification, and ask you if you can recall whether or not you had any part of Exhibit 95 in connection with your investigation as to the typewriting.

A. Yes, I examined this original letter and the

(Testimony of James V. P. Conway.)

two carbon copies underneath it which form a part of Exhibit 95.

Q. And did you form an opinion as to whether or not any one of those three letters in Exhibit 95 was written on the same machine as Government's Exhibit 96? A. Yes, I did.

Q. And what was that opinion, or what is that opinion?

A. Well, it is my conclusion that this original letter addressed to "Dear OT" dated Tuesday the 6th, which is the uppermost paper in Exhibit 95, was typewritten on the same [703] typewriter as was used to prepare Exhibit 96 and the three letters referred to as exemplars.

Mr. Lucas: Counsel, I have one more exhibit that I just learned from Mr. Mainland has probably not been submitted to Mr. Conway, so I can't complete my questioning of Mr. Conway now. If you care, you may cross examine him as to the matters already testified to and finish upon that, and take the matters that I will take up with him in the morning, at that time, or you may defer the whole thing, whatever your pleasure is.

Mr. Rose: This is not a matter of pleasure, particularly. [704]

Cross Examination

By Mr. Rose:

Q. In giving your opinion as to the questions propounded to you in direct examination, you merely endeavored to state an opinion based on

(Testimony of James V. P. Conway.)

your experience in the realm of comparisons of typewriting and handwriting, is that it?

A. Experience in the analysis of typewriting, generally, and particularly to an examination of this typewriting, yes.

Q. You have stated to what extent you resorted to exemplars in basing and arriving at your opinion?

A. I really haven't given any reasons for my opinion. I wasn't asked.

Q. Your opinion may or may not, in your own mind, be subject to error?

A. Well, we are all human. I admit my own fallibility, if that is what you mean.

Q. In other words, you admit that you may be mistaken in one or more particulars about the matters over which and concerning which you have given us an opinion?

A. Well, I admit there is always a possibility of error, and this case isn't any exception. I certainly don't believe that my opinion is erroneous in this case.

Q. Let's see if I understand the purport of your testimony respecting the subject of typewriting. You have given an opinion that the same type of machine was used in [705] each case, is that it?

A. That the same machine.

Q. The identical machine, the particular typewriter, in each instance?

A. That is correct, yes.

(Testimony of James V. P. Conway.)

Q. And have you made any allowance for time at all?

A. Yes. In other words, I took them chronologically, there is some wear and tear that shows on machines over a long period of time.

Q. You recognize, of course, that there are similar machines located in different places?

A. Yes, there are similar machines, yes.

Q. It is within the realm of your experience that more than one machine may very likely have been used, although you have an opinion it was the same machine?

A. No, that isn't true. I found peculiarities in this typewriting which in my judgment definitely reflects that all these documents were written on the identical typewriter.

Q. That is, in your opinion, the line up of the type has certain peculiarities as you observed them, and for that reason you believe they were all typed on the same machine?

A. Yes, there are certain peculiarities. There is a defect or two in this machine. In other words, the identification is not based alone on the design of the type, but on different peculiarities within a given design. [706]

Q. That is, its alignment and so forth?

A. Alignment and scars and defects, and the matter of striking the platen, and so forth.

Q. I haven't read these documents, but let me ask you this: From whom did you procure them?

(Testimony of James V. P. Conway.)

A. These documents were presented to me by Mr. Mainland for examination.

Q. How long ago?

A. I believe it was on the morning of the 18th; yes, that's right.

Q. That is, after this trial started?

A. Yes, that's correct.

Q. And did you make microscopic examination of these papers?

A. No; I used a magnifying glass, I didn't use a microscope.

Q. How much time would you say you devoted to this analysis of these particular typewriting memoranda?

A. The typewriting alone?

Q. Yes.

A. Several matters, I worked at it intermittently, that is, an hour, and an hour again; probably not over three hours altogether.

Mr. Rose: I think that will be all, your Honor.

Mr. Lucas: That is all now. I have to excuse this witness at the present time. I am not through with him. [707] I will call him to the stand again in the morning.

Mr. Conway, we have another paper or two to show you.

I thought it had been shown to this witness, your Honor, before I put him on the stand.

(Witness temporarily excused.)

Mr. Lucas: Call Mr. Carter.

WILLARD EUGENE WARREN
(WARREN C. CARTER),

called as a witness by and on behalf of the government, having been first duly sworn, was examined and testified as follows:

The Clerk: Take the stand, please. State your name.

The Witness: My real name is Willard Eugene Warren. I am known in this indictment as Warren C. Carter.

Mr. Rose: May I hear that, please?

(The record was read.)

Direct Examination

By Mr. Lucas:

Q. Where were you born, Mr. Carter?

A. I was born in Robinson, Illinois.

Q. When did you assume or first use the name Warren C. Carter? A. About 1922.

Q. What has been your vocation or work since 1922?

A. I have been a securities salesman since 1922, with the exception of 1926 when I was with the Hollywood Real Estate Development Company in Florida, and then in 1940 I was three years with the Grolier Society, [708] Incorporated, selling children's educational books; and then for one year in 1944 I was with Standard & Poor's Corporation in New York City, selling their Directory of Executives and Directors.

Q. Were you ever convicted of any crime prior to the year 1936? A. No, sir.

(Testimony of Willard Eugene Warren.)

Q. Were you indicted and convicted of an offense in 1936?

Mr. Rose: Just a moment. I object to that as irrelevant and immaterial. The question is purely an impeaching question. I submit it is incompetent and tantamount to an impeachment of his own witness, and an invasion of the realm of cross examination.

The Court: You may answer.

The Witness: I was indicted in Chicago, Cook County, Illinois, in 1936 for conspiracy.

Q. By Mr. Lucas: Were you convicted?

A. Yes, I was.

Q. Were you sentenced? A. Yes, I was.

Q. Have you served any part of that sentence?

A. No, I have not.

Q. Who was tried along with you?

Mr. Rose: Just a minute. I object to it as irrelevant and immaterial, calling for conclusion of the witness. [709]

The Court: You may answer.

The Witness: I was tried in that trial with two other defendants. There were, however, other indictments. I was tried with two defendants, Henry Sather and Earl Stimson.

Q. By Mr. Lucas: What name were you tried under?

Mr. Rose: I object to it is irrelevant and immaterial and not proper direct examination.

The Court: You may answer.

The Witness: William Carmen.

(Testimony of Willard Eugene Warren.)

Mr. Rose: Was that William or Willard?

Mr. Lucas: William Carmen.

Q. By Mr. Lucas: Did you ever meet the defendant in this action Jacob Danziger?

A. Yes, I did.

Q. When did you meet him?

A. I met him about 1935, the early part of 1935, I believe.

Q. Where did you meet him?

A. I met him in New York City.

Q. Will you relate the circumstances of meeting him?

A. I visited a brokerage office in the lower part of Broadway in New York City by the name of D. B. Howe and Company, and I had done some business with Mr. Howe, and during the course of our conversation he told me about a man named J. M. Danziger who was here from California, who had what he said was a very good oil proposition. He also [710] told me that he was interested in securing some good salesmen, and he thought——

Mr. Rose: Pardon me. I wasn't altogether certain, your Honor, but it is my impression—I may be in error—that he is relating now a conversation between Howe and himself. Now, unless it is indicated that the defendant Danziger was present, I object to it as hearsay, your Honor.

The Court: I consider it preliminary.

Mr. Lucas: That is just what I was going to say, your Honor.

Mr. Rose: Very well, your Honor.

(Testimony of Willard Eugene Warren.)

The Witness (Continuing): He gave me the address of Mr. Danziger, which I believe at that time, and in fact I know it was the Barbizon Plaza Hotel, and he said, "Why don't you look him up?" Well, I don't remember whether I looked him up right away or not, because there might have been a little lapse of time there; but later I did call him, and he said to come over to the hotel.

Q. By Mr. Lucas: You say "him", you mean Mr. Danziger?

A. Mr. Danziger: I called Mr. Danziger at the Barbizon Plaza Hotel. I told him my name was Warren C. Carter, that I had spoken to Mr. Howe about his deal; and he said, "Yes," he said, "I would be very glad to talk to you, come over to the hotel." So I did go over to the hotel and I called him from downstairs, and he asked me to [711] come up. And when I got to his room, he had another person in the room, a man who I recognized by the name of Koch, K-o-c-h I think it is spelled; he introduced me to Mr. Koch, and stated that he was Mr. Davis, and, incidentally, mentioned that Mr. Davis was working on his deal, that he was a salesman on the deal.

Mr. Rose: Just a second. Will your Honor bear with me a minute? I am trying to reconcile in my mind now—will you go back to the part where he says there was another man in the room?

(The record was read as follows:)

"A. * * * and when I got to his room, he had another person in the room, a man who I recognized

(Testimony of Willard Eugene Warren.)

by the name of Koch, K-o-c-h I think it is spelled; he introduced me to Mr. Koch and stated that he was Mr. Davis, and, incidentally, mentioned that Mr. Davis was working on his deal, that he was a salesman on the deal.”)

Mr. Rose: I move that be stricken, your Honor, on the ground that is not competent and definitely not binding; there is nothing to indicate that recognition was ever conveyed to any person. It is purely a voluntary statement.

The Court: Motion denied.

Q. By Mr. Lucas: Pick it up, Mr. Carter.

A. May I have the last, there? [712]

(The record was read.)

A. (Continuing): After he and the so-called Mr. Davis had a little further conversation, Mr. Davis left. After he went out, Mr. Danziger said to me, “Do you know that fellow?” And I said, “Yes, I do, slightly.”

He said, “I suppose you know him under the name of Koch?”

And I said, “Yes, that is the way I do know him.”

And he said, “Well, he uses the name Davis working on this deal.”

He says, “I find that most stock salesmen like to use aliases, and he thinks that the name of ‘Davis’ sounds better than ‘Koch’ anyhow.

Q. By Mr. Lucas: Did you and Mr. Danziger speak anything about the business that you went up there on?

(Testimony of Willard Eugene Warren.)

A. I said to Mr. Danziger, "I understand you have a proposition that I might be interested in. Will you tell me about it?"

He said, "I will be very glad to."

He then proceeded to tell me about the deal. He said that he was the President of the Trinidad International Limited, a corporation which owned valuable oil properties in Trinidad, British West Indies; that he had acquired the properties prior to the enactment of the Securities and Exchange Law, and formed his company and transferred his stock prior to the enactment of the Securities and Exchange [713] laws in 1933, and therefore his securities were exempt from any provision of that Act.

He told me that the personnel of the company consisted of himself as president, Mr. Andrews, Mr. Fennell, and a Dr. Paddleford. I believe he also stated at the time that there was a Mr. Davis with the company, but I am not sure now whether he said Davis had been with the company and was deceased then, or whether or not that was later, but the name Davis was mentioned during the conversation.

He told me that like all propositions of this sort it was his experience that the saleability of the deal depended a great deal on the way that it was set up, so he said for that reason that he had acquired a list of names in the South American Oil Fields Company, and another company that had some relation with that company called the All American Petroleum Company; that he had the list of stockholders

(Testimony of Willard Eugene Warren.)

of both these corporations, and that he had originated a plan whereby he had issued a right certificate, or caused a right certificate to be printed which gave the stockholders of the South American and All American Petroleum Companies the right to get a credit allowance for their shares in their respective companies of a certain amount per share, which I believe at the time was \$2.00. I think that was the price he allowed them, provided they paid \$3.00 per share in cash. On that basis he would issue one share of the capital stock of the Trinidad International [714] Petroleum Company and one preferential profit-sharing note of the same concern. He said that these right certificates which he had created were issued in blank; that he had not filled in the names of all the stockholders, that the salesmen could take out a number of the blanks, and when he called upon the stockholder, after ascertaining how many shares he had either previously, or if it was an error to write in the amount of the shares, and that would be the right for the number of units that that man could subscribe to.

At that time I asked him if the officers and directors of those companies had entered into an agreement to allow him to do that. And he said to me, "You don't need to worry about that; I am an attorney; I have been in the oil business a great many years, I know a great deal about these transactions, and I have taken care of all that."

I did push him a little further, and he said it wasn't necessary to have any agreement with any

(Testimony of Willard Eugene Warren.)

board of directors, even if they could be found, because the stock had no value, and the companies were, so far as he knew, out of existence at the time, and there wouldn't be any one to object to it anyhow, and he said he couldn't see why I should have any objection, and I told him I didn't have any objection, but I just was curious to know what it was all about.

At that meeting he further told me something about his background. He told me that he had in his early years gone with Mr. E. H. Doheny, who was a very large oil operator, [715] and that he had subsequently become a director and a vice president in both the Pan American Petroleum and Transport Corporation, which Mr. Doheny controlled, and the Mexican Petroleum Company, which was another corporation which he said Mr. Doheny controlled. He told me that all of the men that he had brought with him in the setup of the Trinidad International Petroleum Company were former associates of his in the Pan American Petroleum Corporation and the Mexican Petroleum Company.

I asked him something about other properties that the company had besides the one in the Trinidad British West Indies, and I remember him bringing out some papers about some properties in the State of New Mexico. It seems as though there was a large aggregation of leases which he claimed he had some sort of a right in developing these leases. I don't remember the details, or just what he did tell me, further than that.

(Testimony of Willard Eugene Warren.)

I asked him if he had a list of names that I could go to work on immediately, and he said yes he did have, and I said, all right, the best thing to do was to give me some names and right certificates and some of the material you have here. I said, "Have you any sales material here?" And he said, "Yes, I have everything you need for a complete kit," and he showed me some letters that were written on the Trinidad International Petroleum letterhead, which were written to certain stockholders of the South [716] American Oil Fields Company and All American Petroleum Companies, and the letter was a resume of the officers and directors and the general setup of the Trinidad Petroleum Company, and stated therein that they would soon——

Mr. Rose: Just a moment. I submit, your Honor, that the letter would be the best evidence of its contents, and something should be indicated whether it is in existence or not.

Mr. Lucas: I am trying to find it for you, Mr. Rose.

Mr. Rose: Very well.

Q. By Mr. Lucas: I show you, Mr. Carter, what has at the top, "Dear Sir," and there is no date on this, and ask you if this is the thing you are talking about?

A. No, this is not the letter I am referring to now. I was talking about the letter that was written to the South American Oil Fields stockholders.

Q. I show you, then, another letter——

(Testimony of Willard Eugene Warren.)

A. This pertains to the Great Eastern Natural Gas.

Q. I show you another letter, then, that has some printing on it; is that what you refer to?

A. Well, this looks like the second page of that letter.

Q. All right. Is that the first page of it?

A. Yes. ,

Q. Before you testify about it, show it to Mr. Rose, please. [717] A. Yes.

Mr. Rose: Will you develop this, please, Mr. Lucas, whether this writing that is on here—is this the one that was actually shown this witness? There is a lot of writing on here which I don't know if it may or may not be pertinent. Will you find out?

Q. By Mr. Lucas: I hand you that letter. What I am handing you is a 2-sheet document; what type of typing is that?

A. Well, just a minute, now. I want to read it a little bit. Yes, this is a letter, the typewritten contents of which is the same as the letter which I received. This letter, however, may be another letter which I did have occasion to review on another interview with Mr. Danziger.

Q. Now, directing your attention——

A. This is the same type of letter, this is similar in its writing and its preparation, and the wording is the same as the one I am referring to that I referred to. I am trying to keep it in chronological sequence.

(Testimony of Willard Eugene Warren.)

The Court: We will adjourn now, Mr. Lucas and Mr. Rose.

Mr. Lucas: Very well, your Honor.

The Court: The defendant is remanded to custody.

(Whereupon, at 4:10 o'clock, p.m., and adjournment was taken until 10:00 o'clock a.m., Wednesday, January 24, 1945.) [718]

Los Angeles, California,

Wednesday, January 24, 1945, 10:00 a.m.

The Clerk: United States vs. Danziger, et al.

Mr. Lucas: Ready for the government.

Are you ready? Have you examined all those documents on the stipulation, Mr. Rose?

Mr. Rose: That is, insofar as any exhibits that have been heretofore marked, where the signatures of Danziger or Faulkner appear, that they are the signatures of those persons?

Mr. Lucas: Yes. And if any place is shown in the record or otherwise that Mrs. Faulkner might have signed Mr. Danziger's name, that she was authorized so to do?

Mr. Rose: We so stipulate.

Mr. Lucas: One more thing before we resume the testimony. Mr. Mainland called to my attention that when you asked us for what you introduced as Exhibit A, to-wit, the prospectus, Mr. Rose, we inadvertently gave you what would be termed an in-

(Testimony of Willard Eugene Warren.)

intermediate prospectus, it was one of the prospectuses filed by Mr. Danziger, or given to the Commission, but it was not the last one.

Mr. Rose: You have another one?

Mr. Lucas: I now hand you from the Commission files the registration statement that we have been talking about, and in it there is the last prospectus filed by Mr. Danziger; and the matters that I now hand you come from [720] the records and files of the Commission, and I suggest that they be made a part of Exhibit A, or I will offer them as a government matter.

Mr. Rose: Is this complete, Mr. Mainland?

Mr. Mainland: It is complete except the prospectus I handed you yesterday I pulled out of this file.

Mr. Rose: The prospectus is part of this?

Mr. Mainland: Yes.

Mr. Rose: Then, with the court's permission, I ask that this group of papers marked numerically in the upper left-hand corners 1 to 65, with the appellation on the front, "Federal Trade Commission Securities Division, Washington, D. C., Registration Statement" and the name of the issuer, "The Trinidad International Petroleum Limited" be incorporated and made a part of Exhibit A, as a complete record.

The Court: It may be done.

(The documents referred to were marked and made a part of Defendants' Exhibit A in evidence.)

(Testimony of Willard Eugene Warren.)

Mr. Lucas: I take it from the stipulation, then, that I will no longer need the services of Mr. Conway, and that this witness Conway may be excused, your Honor?

The Court: Yes.

Mr. Rose: Yes.

(Witness excused.)

Mr. Lucas: Will you resume the stand, Mr. Carter. [721]

WILLIARD EUGENE WARREN

(WARREN C. CARTER)

resumed the stand as a witness on behalf of the government and, having been previously duly sworn, testified further as follows:

Direct Examination (Continued)

By Mr. Lucas:

Q. My recollection, Mr. Carter, is that last night when we took the adjournment you had asked for and I had in front of you some papers, if you can pick up your train of thought I will place the documents in front of you again——

A. May I ask for the last part of the transcript where I left off? Is that possible?

Mr. Lucas: Have you got that available, Mr. Reporter?

(The record was read.)

Mr. Rose: I move, your Honor, that be stricken.

(Testimony of Willard Eugene Warren.)

The Court: Let's start over again on this subject. Start over again on this subject. Let the record show what was said on this particular subject at the conclusion of the day yesterday is stricken and we will begin again.

Mr. Lucas: All right.

Q. By Mr. Lucas: Mr. Carter, you were relating your testimony and conversations with Mr. Danziger in New York at one of your meetings with him.

The Court: The first meeting, when he first met him.

Q. By Mr. Lucas: When you first met Mr. Danziger in New York; will you pick up the thread—

The Court: 1935, wasn't it?

Q. By Mr. Lucas: Will you pick up your thread in 1935, and start fresh on that, and see if we can't proceed?

A. Do you mean you want me to re-testify to the same things I testified to yesterday over again?

The Court: No.

The Witness: Or do you want me to pick up on the subject of this material I was going over with Mr. Danziger?

The Court: That's right.

Mr. Lucas: That's right.

The Witness: All right, I will do that.

Mr. Danziger showed me a letter which was on the letterhead of the—a copy of it, designated that it was on the letterhead of the Trinidad International Petroleum Limited. It was a typewritten copy, and

(Testimony of Willard Eugene Warren.)

this copy that I have before me now appears to be the original copy. I remember Mr. Danziger said to me that his was an original copy, and he kept it in his files. It was typewritten, and it set forth all the officers and directors, and gave a slight background and resume of their antecedents.

At that time this particular letter which I am looking at now on the stand did not have any pen and ink writing on it. It just had the typewritten matter on it.

The Court: Is this an exhibit in the case?

Mr. Lucas: It will be in just a moment, your Honor, as soon as he finishes with his use of it. [723]

The Witness: At that time after reading this letter, I asked Mr. Danziger what he meant by the last paragraph of the letter.

The Court: Have you seen the letter, Mr. Rose?

Mr. Rose: No, your Honor. I asked counsel, suggested to opposing counsel yesterday to ascertain from this witness if this is the purported document, and whether this writing was on it. I haven't read the writing.

The Court: Let's give it a number so we will talk about it by number.

Mr. Lucas: Yes. I offer it for identification as the government's exhibit next in order.

The Clerk: 97.

(The document referred to was marked as Government's Exhibit No. 97, for identification.)

(Testimony of Willard Eugene Warren.)

The Court: Take it over and read it, Mr. Rose, so you will know what its about. I don't know, but let's make sure you do.

Mr. Rose: My impression is, your Honor, that somewhere in this maze of documents here, as part of the file involving one of the transactions here, it occurs to me there is a letter that has the physical characteristics of this one, and without the writing on it. Mr. Mainland can, perhaps, tell you which exhibit has that attached to it.

Mr. Lucas: I think counsel's statement is right, and I thought we had provided him with a photostat of it.

Mr. Rose: No. There is one attached to one of these [724] files. You will find a letter with these physical characteristics on it, without the writing on it; is that right?

Mr. Lucas: I think you are right. I think it is attached to Exhibit 42.

Mr. Rose: Why don't you show him Exhibit 42 and let's find out if that is what we are talking about.

Mr. Lucas: May we have Exhibit 42?

Q. By Mr. Lucas: I show you Government's Exhibit 42, and ask you if you have seen a similar document before.

A. Yes, I saw this later, but not at the time I am talking about now.

Mr. Rose: Do you want to go on?

Mr. Lucas: No, we will stop until you get through perusing that.

(Testimony of Willard Eugene Warren.)

Q. By Mr. Lucas: Now, I hand you, Mr. Carter, what has been marked Government's Exhibit 97, and ask you to resume your testimony.

A. I asked Mr. Danziger what he meant by the last or the second to the last paragraph from the bottom of this letter which says, "For the purpose of providing development funds, this company has received authority from the Federal Trade Commission at Washington, D. C., to offer to the public 200,000 shares of its Treasury stock at par, \$5.00 per share. It is also making a similar offer in England. No part of these issues will be offered to you."

At that time I was a little uncertain what he meant [725] about this, and I asked him to explain. And he told me that he had registered 200,000 shares of stock with the Securities Division of the Federal Trade Commission, and had received a letter from them stating that he was permitted to sell the stock at \$5.00 per share with a commission of 20 percent allowed.

I asked him if this was a part of the issue we were selling, and he said, "No, we are not offering that for sale."

I said, "Well, why do you have it in this letter if it is not offered for sale?"

He said, "That is to give you sales propaganda." He said, "You ought to be able to understand that." He says, "In other words, here the Commission has authorized this stock to be sold at \$5.00 a share." He says, "On the South American Oil Field stockholders, you are giving them the right to buy it at

(Testimony of Willard Eugene Warren.)

\$3.00 and giving a credit allowance of \$2.00 on their stock, and in addition to that we are giving them one preferential profit-sharing note of one pound par value or denomination. We are giving them \$10.00 worth of par value and they are only paying in \$3.00 in cash.” “Of course,” he said, “the stock we are selling them, so you will understand it correctly, is the personally owned stock of the Wake Development Company, but,” he said, “the public won’t know the difference, and as far as that is concerned,” he says, “we clear ourselves by specifically stating in here that [726] ‘No part of these issues will be offered to you.’ ”

Q. By Mr. Lucas: May I interrupt you there and show you a document and ask you if that is the document that you have seen before, or, rather, a copy of the document?

Mr. Rose: Is that an exhibit?

Mr. Lucas: I just want to see if it is, Mr. Rose. If it isn’t, I won’t offer it.

Mr. Rose: Mr. Lucas, I am not saying this critically, but as I understand the rules of evidence if you want to interrogate a witness about a document, the rules of evidence require that you display it to me before you make inquiry of the witness.

Mr. Lucas: I was merely offering it——

The Witness: No, I didn’t see this letter, Mr. Lucas.

Mr. Lucas: That settles it, Mr. Rose. Do you want to look at it now?

Mr. Rose: Yes.

(Testimony of Willard Eugene Warren.)

Mr. Lucas: You are perfectly welcome.

Q. By Mr. Lucas: All right. Now, go ahead, pardon my interruption, Mr. Carter.

A. I told Mr. Danziger I understood what he meant. I asked him if he had any other literature. He showed me a——

The Court: You better put in Exhibit 97 now.

Mr. Lucas: Yes. I now offer Government's Exhibit 97 [727] in evidence, if the court please.

Mr. Rose: Your Honor, as I understand the evidence here in relation to this Exhibit 97, the witness has testified here in respect to this document he was shown, that it didn't have the writing on it. Under those circumstances, your Honor, I am going to object to this particular document being received in evidence as no proper foundation being laid.

The Court: What is the explanation of that?

Mr. Lucas: I hadn't gotten to that, your Honor, when your Honor asked me to offer it.

Mr. Rose: Excuse me.

Mr. Lucas: Yes.

Mr. Rose: Your Honor will note that the nomenclature referred to—I am in error about that. There is, of course, in this Exhibit, your Honor, No. 97, a nomenclature along the lines that he has testified to orally without objection, but that testimony is in; now he is offering this document, without any foundation as to whether this witness actually saw this particular document or whether he saw one with a paragraph containing the nomenclature he has in-

(Testimony of Willard Eugene Warren.)

dicated. I am objecting to this because there is no proper foundation laid.

The Court: The offer has been withdrawn. Explain the writing, if you can.

Q. By Mr. Lucas: Mr. Carter, I show you [728] Government's Exhibit 97, for identification, calling your particular attention to the handwriting and interlineations both on the front page of the first sheet and on the back page of the first sheet, and ask you——

The Court: And all the pen marks, the things that are stricken out, too.

Q. By Mr. Lucas: Yes, and ask you if you know in whose handwriting those pen and ink notations are.

Mr. Rose: I object to that as immaterial and incompetent. The question is did this witness ever see that document with any of that writing on it, or with these delineations.

The Court: Does he know how the writing came on there?

Mr. Lucas: I am trying to find out.

The Witness: I saw this document before the handwriting was placed on it. I saw this document after the handwriting was placed on it.

Q. By Mr. Lucas: And do you know whose handwriting it is?

A. This handwriting is Mr. Danziger's.

Mr. Lucas: I now offer——

The Court: How do you know that?

The Witness: Because I saw him write it out.

(Testimony of Willard Eugene Warren.)

The Court: Did you see him make those changes?

The Witness: Yes.

The Court: Cross out those things that are crossed out? [729]

The Witness: Yes, I did.

The Court: You saw it without the pen and ink changes and interlineations?

The Witness: I saw it without the pen and ink markings and writings on it, because at the first interview I had with Mr. Danziger he took this out of his portfolio and was showing me part——

The Court: Then, when did he make the changes?

The Witness: He made the changes at another meeting I had with him when he took the same identical letter out and made these changes to adapt it to another deal.

The Court: It may be admitted. Do you want to put something in the record, Mr. Rose?

Mr. Rose: No, your Honor, I just wanted something in here to explain that. There wasn't anything here.

The Court: 97 is admitted.

(The document referred to was marked as Government's Exhibit No. 97, and was received in evidence.)

Q. By Mr. Lucas: Now, proceed, Mr. Carter.

A. I asked Mr. Danziger if he had other sales literature to help me in making sales to the South American stockholders, and he then showed me a

(Testimony of Willard Eugene Warren.)

letter written on the letterhead of the Pan American Petroleum and Transport Corporation. He also showed me a letter written on the stationery of Mr.—private stationery of Mr. E. H. Doheny, or E. L. Doheny, I think it was. The letter on [730] the Pan American Petroleum and Transport Company was signed by Mr. Danziger, and on the top it had a list of all the directors of that corporation, and among them was Mr. Danziger's name. It went on to state that he accepted the chairmanship—

Mr. Rose: Just a second.

Mr. Lucas: Let the record show that I have handed to counsel, for examination, photostatic copies of the letters about which the witness is now testifying.

Mr. Rose: I was going to interject that you have shown me the letters, and I take it from what you have shown me the letters he is talking about are these letters, and I was going to interject they would speak for themselves and would be the best evidence.

Q. By Mr. Lucas: I show you, Mr. Carter, three photostatic copies of letters, two of which are on the letterhead of the Pan American Petroleum and Transport Company, those two sheets comprising what is apparently a completed letter, and on the second sheet occurs the photostatic signature "J. M. Danziger," and ask you if that is a photostat of one of the letters which Mr. Danziger showed you at that time.

(Testimony of Willard Eugene Warren.)

A. Yes, this looks like the same type of letter that I had at that time.

Q. I show you now one on the letterhead of E. L. Doheny, and ask you to examine that and tell me if that is [731] a photostatic copy.

A. That looks to be the same letter.

Mr. Lucas: I offer these three documents, they seem to be connected together, your Honor, in the witness' testimony, as government's exhibit next in order.

The Clerk: 98.

The Court: 98 has been offered, Mr. Rose.

Mr. Rose: Your Honor, I haven't any objection to those. I take it that is part of the transaction. It certainly would be competent.

The Court: Admitted.

(The documents referred to were marked as Government's Exhibit No. 98, and were received in evidence.)

Q. By Mr. Lucas: Go ahead, Mr. Carter.

A. I then asked Mr. Danziger if he had any literature that would show me any exemption for the stock under the provisions of the Securities and Exchange Act. He had a photostat reproduction of a letter that had been addressed to D. B. Howe, I think it was 32 Broadway, New York, in which it stated—I can't give you the exact wording of it, but it was very brief and stated that in the opinion of the Exchange the stock had been issued prior to the enactment of the Securities and Exchange Act and was exempt, or something to that effect, I can't

(Testimony of Willard Eugene Warren.)

remember the exact wording of it. I don't know whether there is a letter like that, and if there is and you show it to me, I will tell you [732] whether I have seen it previously.

Then I asked him if he had any other sales literature, and he said yes. He said, "I have a right certificate which I printed that covers both the South American and the All American Petroleum Company."

He had two different right certificates with the same wording on it, although the arrangement of the border, and so forth, was different; but in sum and substance they contained the same indentures or writings.

Q. I show you, after having first shown to counsel, a printed document, the heading of which says, "Certificate of Rights to Stockholders of South American Oil Fields, Inc., and All-Americas Petroleum Corporation" and ask you if that is a facsimile of the document which Mr. Danziger had and about which you are now testifying.

A. Yes, this is one of the certificates.

Mr. Lucas: I now offer this in evidence as government's exhibit next in order.

The Clerk: 99.

The Court: Admitted.

(The document referred to was marked as Government's Exhibit No. 99, and was received in evidence.)

The Witness: I asked Mr. Danziger about the properties in America that the company owned, be-

(Testimony of Willard Eugene Warren.)

sides the Trinidad properties, and he told me that he had 20,000 acres, or something of that amount, under contract in the [733] State of New Mexico, which showed very good oil potentialities.

He dwelled at great length on his antecedents with—or I should say, that he told me that he had gone with the Pan American Petroleum and Transport Corporation in his earlier days, that he had been with them continuously up until they had merged with the Standard Oil of Indiana, or the Standard Oil of New Jersey, I don't remember which, but it was one of the Standard Oil Companies; and he also had done work on the Mexican Petroleum Company, which was also one of the E. L. Doheny companies. He told me that he had vast experience in oil matters; that he had, as a matter of fact, written a great many oil contracts for Mr. Doheny, and Mr. Doheny thought he was very proficient in that type of business. There was other discussions, and then he said, "Are you willing to go to work on the deal?"

And I said, "It looks like you have got a very good setup, and I am especially impressed because of your background in the oil business, so I will go to work on the deal."

At that time he gave me about 20 names that were supposed to be stockholders of the South American Oil Fields. He gave me some right certificates similar to the ones that I just identified here, and he told me to go out and see what I could do. He said, "I have selected the names within a

(Testimony of Willard Eugene Warren.)

radius of 30 miles of New York, so you [734] might be able to go out and get yourself a nice sale before long.”

I took the literature that he gave me, and I went out——

Q. By Mr. Lucas: Just a moment before you start out on that. Did you come to any understanding with him? A. Yes.

Q. With regard to pay?

A. Yes. I asked him what arrangement we could make on the deal, what portion of the \$3.00 that I collected would be mine, and how much he expected. And he said, “We will go 50-50. In other words, 50 per cent of the money that you take in. I am furnishing the names, and I will furnish the delivery of the stock; all you have to do is make the sale and bring the sale to me.” He told me to have the checks made payable to the Wake Development Company, which was his personally owned corporation, and he would make arrangements to send the checks by air mail to California, have them collected as quickly as possible, and wire the funds back to that he could pay me as soon after the collection as possible. I told him that was quite agreeable.

I went out on the names. About a week after that I had another meeting with Mr. Danziger. I came up to his room at the hotel and I told him that the names I had called on were very poor, in the respect that most of them had moved, the addresses were bad, and those that I was able [735]

(Testimony of Willard Eugene Warren.)

to contact had been asked so many times to contribute funds toward the old South American Oil Fields financial arrangements, that they were thoroughly fed up and disgusted and didn't want to put any more money into oil propositions. And I said, "While your deal looks like it has a good set-up, the names you are giving me here are not very potent, and I wouldn't want to continue on the deal."

He said, "Well, Carter," he said, "have you any suggestions where I could get a good list of names that we could work the same arrangement on?"

And I said, "Well, I have an idea where I think I can get a list." I said, "I know a man by the name of Frank Palmer, and Mr. Palmer for the last three years has been selling stock in a company called the Great Eastern Natural Gas Company, they own properties up in Pennsylvania, New York State, and they have spent quite a bit of money drilling on those properties, but they haven't been successful in procuring any substantial amount of gas, and I wouldn't be surprised if I talked to Mr. Palmer about the deal that he might be interested in having some arrangement worked out between you and he that would give the stockholders of that company a right to buy the stock in your company." I asked him then what kind of an arrangement, though, could be made under the circumstances, "what kind of a contract could you contrive that would make such a proposition pos-

(Testimony of Willard Eugene Warren.)

sible?" He said, "Now, don't you worry [736] your head about that; I am a lawyer, I know how to arrange contracts, and as long as the other man is willing I can figure out some kind of an excuse to offer the stock. You just get the list and get the man, and I will work out all the details and arrangements."

I said, "As long as you feel that way about it I will see what I can do," and I left.

Later I contacted Mr. Palmer, and Mr. Palmer told me that——

Mr. Rose: Just a moment.

Q. By Mr. Lucas: We will have to skip what Mr. Palmer told you.

A. I see. Later I came back to—I called Mr. Danziger first and I told Mr. Danziger that I had contacted Mr. Palmer, that Mr. Palmer told me that he had turned over all the matters of the Great Eastern Natural Gas Company to his son-in-law, Mr. De Hart, but I told Mr. Danziger that I had made arrangements with Mr. Palmer to have Mr. De Hart meet me in the next day or so, and I would then come up to see Mr. Danziger and introduce Mr. De Hart to him and see what could be worked out. He said, "That's fine," he says, "bring him up any time."

In a few days I met De Hart, and I took him up to meet Mr. Danziger. It was at that time that Mr. Danziger sat down in his room and drew up in pencil writing on blank pieces of paper a tentative contract between him and Mr. [737] De Hart.

(Testimony of Willard Eugene Warren.)

I listened to what he said, and as near as I can remember the sum and substance of this contract was to the effect that for and in consideration of the Great Eastern Natural Gas Company furnishing a list of its stockholders, that the Trinidad International Petroleum would enter into an oil and gas purchasing contract of some sort which was to pertain to the acreage owned in the State of New Mexico. It seemed to be a contract that was drawn upon the event that oil was struck in New Mexico and was produced, and if the oil was produced, then the Great Eastern Natural Gas Company would have a right to buy that oil at a certain concession in price, or at a certain stipulated price which would make them a profit on resale.

Q. By Mr. Lucas: Now, I show you at this point—pardon the interruption, counsel, Government's Exhibit 82 in evidence, and ask you to glance at that and tell me whether or not that is the contract about which you have been testifying.

Mr. Rose: It obviously can't be. The witness has identified a number of penciled memoranda.

Mr. Lucas: I just want to check it. I don't know that it is. I want to know what the witness says about it, Mr. Rose.

The Witness: Yes, this seems to be——

Q. By Mr. Lucas: The copy of—— [738]

A. This seems to be the same wording that I heard Mr. Danziger dictate or talk about in the contract with Mr. De Hart.

I later looked at the contract at the time, and

(Testimony of Willard Eugene Warren.)

that appears to be just what I read after it was written.

Q. Very well. Proceed.

A. This contract was completed between Mr. De Hart and Mr. Danziger, and then I later met Mr. Danziger again. At that time I brought up some literature that I had acquired from Mr. Palmer about the Great Eastern Natural Gas Company, and I had a list of the stockholders, I think in the first list there was about 1200 names, I had the list in duplicate, I had an original and a carbon copy; then I asked Mr. Danziger what we were going to do in the way of a build-up for the deal.

He said, "Well, that seems to be a very simple matter." He says, "Now, the first thing you want to do is get a letter out similar to the one I sent to the South American stockholders," and he says, "we could very easily do that. Here, I will take this letter right out of my brief case and I will re-write it." And at that time he went into his brief case and he brought out the same letter, the type-written letter that I testified to heretofore, and he started to make changes on it, adapting it to the name of the Great Eastern Natural Gas Company instead of the South American Oil Fields Company. After he had done that, I looked at it and I [739] suggested other changes. I told him that I thought probably it ought to be a little more brief and a little more specific. And between the two of us we worked out a letter which was satisfactory to both of us. And he said, "Do you have any-

(Testimony of Willard Eugene Warren.)

one that can have this printed?" And I said, "Yes, I know a printer by the name of Carmen Gould downtown on Broad Street. They have done work for me before, and I believe they could get the letter out."

Then Mr. Danziger and I worked on a letter together, that was to be sent out by the Great Eastern Natural Gas Company from its office in Wilmington, Delaware. The plan was to first send out on the Trinidad International Petroleum's letter-head an inquiry, this inquiry was for the purpose of arousing curiosity on the part of the stockholders, and it had a perforated blank which they could tear off and state how many shares of stock they owned, how long they held it, and various other type of information.

I asked Mr. Danziger how he was going to handle this mail situation. And he says, "Well, that is very easy. We will just get a box here in the Grand Central Terminal, I will arrange that, I will get a box and we will have all the mail returned to that box, and then I can pick it up while I am in New York, and you can have the inquiries and you can go right to work on it."

Then after that it was to be followed up by a letter similar to the one that Danziger and I had both worked out [740] together, which I have referred to recently here, and that was to say, "We recently sent you an inquiry form."

Mr. Lucas: Now, I show counsel at this point some correspondence, and I ask you to wait just

(Testimony of Willard Eugene Warren.)

a minute, Mr. Carter, while counsel examines what I have shown him.

Q. By Mr. Lucas: I show you, Mr. Carter, two sheets of paper containing a great deal of handwriting, and each sheet is on the letterhead of Trinidad International Petroleum, and ask you, first, to tell me whether or not you can identify the handwriting on the first sheet of paper.

A. Well, I can say that this handwriting to my best knowledge and familiarity with it, and previous familiarity with the writing, it appears to be Mr. Danziger's. I would like to read this and see what it is.

Q. Let's look at the second sheet, and I will ask you a question with respect to the second sheet. Is that Mr. Danziger's handwriting?

A. Yes, that is Mr. Danziger's handwriting, to the best of my knowledge.

Q. Now, I call your particular attention to the second sheet, in red pencil, "use letter top on sheet attached;" is that Mr. Danziger's handwriting?

A. I remember this specifically being written. I don't remember him writing that in red, and I am not expert enough to say positively that that red is his handwriting. I think it looks like it, but I wouldn't want to [741] say definitely. I saw the other handwriting; I saw him write the other.

Q. All right. You said something about wanting to read that. Do you still want to?

A. Yes.

The Court: Is it long?

(Testimony of Willard Eugene Warren.)

Mr. Rose: About three pages.

Mr. Lucas: Two sheets.

The Court: It is about the middle of the morning, so we will take 10 minutes.

(Short recess was taken.) [742]

Q. By Mr. Lucas: Now, Mr. Carter, have you had an opportunity to examine the document you had in front of you during the recess?

A. Yes, I did.

Q. I think you testified that pen and ink writing there is in the handwriting of Mr. Danziger?

A. That is correct.

Mr. Lucas: I now offer this in evidence as government's exhibit next in order.

Mr. Rose: That is the pen and ink as distinguished from the red notation, is that it?

Mr. Lucas: Yes, as distinguished from the red notation on the top of the second sheet. The witness is unable to identify that.

Mr. Rose: Very well.

The Court: Admitted.

The Clerk: 100.

(The document referred to was marked as Government's Exhibit 100, and was received in evidence.)

Q. By Mr. Lucas: You mentioned a moment ago, Mr. Carter, something about an inquiry form being sent out that could be torn off—

Mr. Rose: Is this in evidence?

Mr. Lucas: No. I was just about to put it in.

(Testimony of Willard Eugene Warren.)

Mr. Rose: I had in mind the Tether file had gone in, and I assumed, naturally, that you had it all in. [743]

Mr. Lucas: My recollection—it is purely my recollection for what it is worth—is that it is 60.

Mr. Rose: In other words, it is part of—

Q. By Mr. Lucas: I show you, after having first shown to counsel, a form headed at the top “Inquiry Form” dated December 18, 1935, and ask you if the printed portion of that is a facsimile of the inquiry form about which you testified a moment ago.

A. This is the lower half of it that was torn off for the return. There was another part on the top of it originally, and that doesn’t appear here. This is just half. That, however, is the inquiry form that was returned, giving the information about the holdings and so forth that I testified about.

Mr. Lucas: Attached to this inquiry form identified by the witness, your Honor, is a handwritten letter signed H. L. Tether. We have a Tether file already in evidence. This handwritten letter I cannot identify in any way, but I offer the inquiry form, identified by the witness, either as government’s Exhibit next in order, or ask that it be attached and be made a part of the Tether file, because to this inquiry form there is appended a name “H. L. Tether.”

Mr. Rose: Let me understand you, counsel. Are you offering this particular document with the pen and ink notations thereon, or are you offering the

(Testimony of Willard Eugene Warren.)

printed portions of this paper to illustrate the testimony of this witness, [744] which is it?

Mr. Lucas: I would like to offer, of course, the entire document as it is now. If you are going to object, I will withdraw the offer and only offer the printed form, because the witness has identified the printed form, and I haven't interrogated him as to whether or not he knows the signature or how he received it and so forth.

Mr. Rose: I am not certain, your Honor, whether there has been any change in the foundation as to the time of this discussion. The witness has stated the preliminary discussions appeared in the early part of 1935. Now we are talking about some form of inquiry form which I note here has a date in December, 1935, which is an occasion, as the evidence reflects, when Mr. Danziger was in Europe; so I am objecting to this on the ground that there is no foundation laid as to authorship of this, that it is only part of a document, and that the same is irrelevant and immaterial. As to foundation, I would like to, if I may, your Honor, enlarge on that. There is no foundation as to the coming in esse of this particular printed form, and the whole of it is not before us, and there is nothing to indicate who transmitted this particular form and when it was transmitted, and what relation, if any, any of the respective defendants who are now on trial have to this segment or the whole of said printed document.

Mr. Lucas: Are you through?

(Testimony of Willard Eugene Warren.)

Mr. Rose: I think I covered it to the best of my [745] ability.

Mr. Lucas: Counsel evidently overlooked that the testimony in here is, by this witness, that he and Mr. Danziger sat down and concocted a letter that was to be sent out to the stockholders of the Great Eastern Natural Gas, and a part of that letter had a perforated bottom that was to be filled in and returned, and——

The Court: Admitted.

Mr. Lucas: ——the document, therefore, is complete in itself.

The Court: Admitted.

The Clerk: 101.

Mr. Rose: May an exception be noted?

The Court: Exception allowed.

(The document referred to was marked as Government's Exhibit 101, and was received in evidence.)

Q. By Mr. Lucas: I show you another document, after having previously shown it to counsel, a typewritten document in two sheets, both the first and second sheet containing some interlineations and handwriting, and I will ask you if you have ever seen that before.

A. Yes, I have seen this before.

Q. All right. In whose handwriting is this interlineation in the penciled and handwritten material that is on that?

A. The part here in the fifth paragraph is my

(Testimony of Willard Eugene Warren.)

[746] writing, "We set forth below," that is my handwriting.

Q. Very well. The word "copy," c-o-p-y, in whose handwriting is that?

A. I can't tell you. I don't know.

Q. It is not yours?

A. It is not mine. This is my handwriting in the next to the bottom paragraph, "Registration."

Q. You are referring to the word "Registration?"

A. The word "Registration" is my handwriting.

Q. On the second sheet there is not handwriting, but an obliteration; first, do you know anything about that obliteration?

A. I couldn't say.

Q. Below that you have indicated the word "Our," o-u-r?

A. That is my handwriting.

Q. What is the document? When was that—

A. This is part of the literature that was used in making the final copy, of which several letters were written and revised several times. This is one of the revision copies in which corrections were made either by me or Mr. Danziger at the time we were drawing up the letters that were used in our sales campaign.

Q. Before it went out to the printer for printing?

A. That's right.

Mr. Lucas: I offer this document, these two sheets, [747] as the government's exhibit next in order.

Mr. Rose: I object to it on the ground that it is

(Testimony of Willard Eugene Warren.)

wholly irrelevant and immaterial, and no proper foundation laid.

The Court: Admitted.

The Clerk: 102.

(The document referred to was marked as Government's Exhibit 102, and was received in evidence.)

Q. By Mr. Lucas: I show you what has been marked heretofore as Government's Exhibit 41, for identification, a document on the letterhead of the Great Eastern Natural Gas Company, and ask you if you have ever seen a facsimile of that?

A. Yes, I have seen a facsimile of this form letter.

Q. Is that one of the documents about which you have been testifying?

A. This is one of the documents used in the series of build-up letters that were used on the Great Eastern Natural Gas stockholders.

Mr. Rose: I move that be stricken as a conclusion of the witness.

The Court: The answer and the question are both stricken. Ask the question again.

Q. By Mr. Lucas: Was that part of the literature that was mailed out—first, was that part of the literature that was prepared by you and Mr. Danziger and mailed out to [748] the Great Eastern stockholders?

Mr. Rose: I object to that as calling for a conclusion and opinion of the witness.

(Testimony of Willard Eugene Warren.)

The Court: You may answer.

A. At the time of my meeting with Mr. Danziger, my last meeting referred to, we discussed the various letters that we would create in this sales campaign and use in our stock selling plan, and one of the agreements that we entered into was that Mr. DeHart would send one letter from the Great Eastern Natural Gas Company of Wilmington, Delaware, which would, in sum and substance, confirm the various letters that I have described heretofore coming from the Trinidad International Petroleum Company, and would sort of confirm the situation.

At the time of my talk with him we talked about what this letter—how this letter should be written, and we came to certain agreements about it. I can't tell you now whether this letter was entered into between he and I at that particular meeting, but at one of our meetings we did agree on this letter.

Mr. Rose: I move that be stricken, your Honor, as a conclusion of the witness.

The Court: Motion denied.

Q. By Mr. Lucas: And was it afterwards sent out?

A. It was.

Mr. Rose: Just a second. I object to that as leading [749] and suggestive, no proper foundation laid.

The Court: He may answer. Answer again.

The Witness: This letter was sent out to all of

(Testimony of Willard Eugene Warren.)

the stockholders of the Great Eastern Natural Gas Company at various times.

Mr. Lucas: I now offer this exhibit in evidence, it having been heretofore marked 41, for identification.

Mr. Rose: Objection is had to this document on the grounds, severally, that no foundation is laid to show that this particular form of communication was, in fact, ever exhibited to any of the defendants on trial; there is no foundation laid as to when and where it was prepared, nor by whom. And in support of these objections I indicate to the Court that this form of document appears to have the mimeographed date of October 28, 1935, concerning which the testimony in this record reflects that it is at a period when Mr. Danziger was in England, and he was there long prior to the date of this letter, and remained there for almost two years thereafter, and that the same is incompetent and not binding on the defendants. This is an act of the Great Eastern Natural Gas Company.

The Court: I think a few dates would be handy now.

He had his first talk with Mr. Danziger when, Mr. Lucas?

Mr. Lucas: July.

Mr. Rose: That is not so. It was the early part of 1935 as this witness testified. [750]

Q. By Mr. Lucas: When was your testimony as to the date you met Mr. Danziger for the first time in New York?

(Testimony of Willard Eugene Warren.)

A. I couldn't be specific about that date, but it was the early part, my first visit with Mr. Danziger at the time I spoke about the South American oil fields was in the early part of 1935.

Q. What do you mean by the early part?

A. Well, the early part might have been April.

The Court: Does he know when?

The Witness: I can't be specific on that particular date.

The Court: Does he know when Mr. Danziger went to Europe?

Q. By Mr. Lucas: Do you recall approximately when Mr. Danziger went to Europe?

A. I think Mr. Danziger went to Europe either in July or August.

Q. Of '35?

A. That is to the best of my recollection.

Mr. Lucas: We are offering it on the testimony of the witness, who said that it was a part of the scheme that was talked over by Mr. Danziger and this witness before he left for Europe, and was to be sent out and was sent out, and this exhibit comes into the record and is here for identification through the testimony of the witness Skinner, I believe.

Mr. Rose: Your Honor, counsel is frequently speaking of schemes, schemes, and schemes. Your Honor has heard the testimony of the witness, and we are familiar with it. My objection goes to the fact that as I have indicated, without repeating myself,—the objection has not been passed on—this is not an act of the defendants.

(Testimony of Willard Eugene Warren.)

The Court: It is admitted.

Mr. Rose: May an exception be noted?

The Court: Exception is allowed.

The Clerk: 41, for identification, in evidence.

(The document referred to was marked as Government's Exhibit 41, and was received in evidence.)

Q. By Mr. Lucas: Did you arrive at an understanding with Mr. Danziger as to your activities and compensation, if any, in the sale of the securities?

Mr. Rose: Object to the form of the question, your Honor.

The Court: He may answer.

Mr. Lucas: Withdraw it.

Q. By Mr. Lucas: Just state what, further, you did and said with Mr. Danziger with respect to the matter.

Mr. Rose: May we have some foundation laid here as to when this conversation or discussion was had and where?

Mr. Lucas: Yes.

Q. By Mr. Lucas: Giving the time, place, and persons present, Mr. Carter. [752]

A. Well, this conversation took place ten years ago, and it is impossible for me to be specific on the day and date, and even to the exact month; but it was in the early part of 1935, it might have been March, it might have been April, it might have been May, I was continually talking to Mr. Danziger over a period of time, and I cannot specifically state

(Testimony of Willard Eugene Warren.)

the exact time, but it was during the early part of 1935.

Q. All right. Now, pick up the thread of your thought and tell us what further happened between you.

Mr. Rose: I object to the form of the question as being too latitudinous. I thought he was endeavoring to lay a foundation for a conversation relating to compensation. I wish he would have him follow through on that so at least I can follow the testimony.

The Court: Since objection has been made, ask him a more specific question.

Mr. Lucas: All right.

Q. By Mr. Lucas: Mr. Carter, did you have a further conversation with Mr. Danziger with respect to compensation or a division of proceeds?

A. Yes, I did.

Q. State where, when it was and what was said by each of you.

A. The conversation took place in the Barbizon Plaza [753] Hotel in the early part of 1935, as I have stated before. When I first brought Mr. DeHart to Mr. Danziger, I told him that after Mr. DeHart had had his first conversation with Mr. Danziger and he left, I told Mr. Danziger that there would have to be another arrangement worked out between he and myself in respect to the financial arrangement as to the splitup of the commissions or the moneys that would be received from the sale of stocks to the Great Eastern stockholders; and at

(Testimony of Willard Eugene Warren.)

that time we entered into an agreement whereby I would receive one-third commission and one-third for an expense allowance, with the understanding that I would pay all the expenses and the salesmen's commissions out of the two-thirds to be derived from the sale, or in terms of dollars, two dollars out of every three dollars we received was to go to me, out of which I was to pay all expenses and to pay the salesmen's commission and so forth.

Q. All right.

A. Mr. Danziger said that that appeared to be a fair arrangement. And after we had completed our arrangements for sending out the literature, had agreed upon all the copy that was to be used in the approach to the Great Eastern stockholders, he asked me, "Have you any salesmen lined up, any possibilities of getting a crew of men, because we have quite a large list of names here to call on, and I want you to understand"—I am quoting Mr. Danziger now—"that I want to go to England, and [754] frankly, I am short on funds. I need money in order to put this Trinidad International Petroleum deal over. I have what I consider a very fine deal here, and I have some connections in England. If I can get over to England and have sufficient funds to defray my expenses, I believe I can arrange to get the entire company financed and to get the wells drilled that I want down in Trinidad, and that will make the deal a winner for everybody."

I told him that I thought I would be able to get

(Testimony of Willard Eugene Warren.)

together a crew of salesmen, that I had in mind certain men right then. And he said, "That's fine."

At a later date, somewhere along in, I believe now along in July of 1935, I brought to Mr. Danziger's room at the hotel a man by the name of Franklin—

Mr. Rose: Pardon me. What is the name?

The Witness: Franklin.

A. (Continuing): Before I went up to see Mr. Danziger at the occasion of our interview, his and my interview, I left Franklin downstairs and proceeded upstairs to see Mr. Danziger. I told him I had in the lobby a man who I considered to be one of the best security salesmen in the business, but I told him that this man was a tough proposition to handle. I told him, "At the present time he is engaged in selling oil royalties out of a firm down town by the name of Shearer & Company and," I said, "I think he would be a good man on this deal, providing we could hold him into line." [755]

He said, "Well, what do you mean by that?"

I said, "Well, he is known to make a lot of exaggerated statements, and he is not too careful about what he says about a deal."

Well, Mr. Danziger said, "I believe you can manage him all right, and I don't believe there is anything connected with this deal that a man could state very wrong. In fact, I don't worry about that; what I want to do is raise money right now, and it is up to you to get the money."

Well, I said, "I would like to introduce this fellow to you." So I went downstairs and I got

(Testimony of Willard Eugene Warren.)

Franklin and I brought him up. Franklin and myself and Danziger talked, and then we left. We started to sell the deal with about five salesmen. Franklin brought along one salesman by the name of Jack Beyers. He told me that Mr. Beyers——

Mr. Rose: Just a second. If I follow the witness, your Honor, I am under the impression that he is now about to relate a conversation between Franklin and Beyers, and I object to that on the ground it is hearsay.

Q. By Mr. Lucas: Let's omit those, Mr. Carter, unless they were in the presence of Mr. Danziger.

A. All right.

Q. May I interrupt you there? Was there anything said between you and Mr. Danziger with respect to how [756] receipts of money would be handled?

A. Oh, yes.

Mr. Rose: I think that has been asked and answered, your Honor.

The Court: He may answer.

Mr. Lucas: Not how they would be handled.

A. Yes. I asked Mr. Danziger how we would arrange to have the checks cleared. I asked him who we would have the checks made payable to. I asked him in what form or how we could give the proper identification to the salesmen that were making the calls on the stockholders, and he said, "Oh, I have provided all of that. I have the same kind of material that the salesmen are using on the South American Oil Fields deal, and all we have to do is to make whatever changes are necessary to fit the

(Testimony of Willard Eugene Warren.)

Great Eastern Natural Gas deal, and if we need some other material, just say so and we will have it.”

I said, “Well, let’s see what you have now.” And he showed me a Wake letter-head in which it stated that the bearer is a representative of the Wake Development Company.

Mr. Rose: Just a second.

Mr. Lucas: Not what it stated.

The Witness: Shall I proceed?

Mr. Lucas: No. Just a moment, please.

Q. By Mr. Lucas: I show you, after having previously shown to counsel—— [757]

Mr. Rose: Just a second. Pardon the interruption. Let me have the antecedent question, please.

(The record was read.)

Q. By Mr. Lucas: I show you, after having previously shown to counsel, a photostatic copy of the document on the letter-head of the Wake Development Company, and ask you if you have ever seen the original of which that purports to be a photostatic copy.

A. Yes, I had this personally.

Q. And do you know——

A. I had the original personally.

Q. And have you the original now?

A. No, I don’t.

Q. Do you recognize that as a true and correct photostatic copy of the original?

A. I do, because it has my name on it, too.

Q. And when you speak of your name, you are

(Testimony of Willard Eugene Warren.)

referring to the lowest name on the letter, that of
“C. Cameron?” A. That’s right.

Q. Is that one of the aliases which you used in
connection with this deal? A. That’s right.

Q. I direct your attention now, then, to the signature below the typed words “Wake Development Company,” the signature I believe is “M. Bishop;” whose signature is that?

A. That is Mr. Danziger’s writing. [758]

Mr. Lucas: I offer this in evidence as the government’s exhibit next in order.

Mr. Rose: Just a minute. I object to it on the following grounds: There is no proper foundation laid.

The Court: Admitted.

The Clerk: 103.

Mr. Rose: May an exception be noted, your Honor?

The Court: Exception allowed.

(The document referred to was marked as Government’s Exhibit 103, and was received in evidence.)

Q. By Mr. Lucas: Now, Mr. Carter, did you have any conversation with Mr. Danziger about Mr. Bishop or this name Bishop?

A. Yes, I did. When we were preparing the literature that was to be sent out, there was an envelope, a return envelope printed with the name of Bishop on it, and this envelope had an address on it, “Lock Box in the Grand Central Terminal, New York City;” we wanted to send out, or Mr. Dan-

(Testimony of Willard Eugene Warren.)

ziger and I talked it over and decided together to send out several hundred or about three hundred names of the literature immediately so as to raise the funds and get the salesmen working; so instead of sending the first letters back to the Wake Development Company, we sent them to a locked box in New York City, and the name was M. Bishop, or the name that appears on there.

I asked him at the time who Bishop was, and he said, [759] "He is just one of the men in our company, and you don't need to worry about that."

I never did know who Mr. Bishop was at any time, and I just assumed that there was some man by that name. I didn't know.

Q. You said a while ago that you asked Mr. Danziger about how the money was to be handled. You didn't tell us whether he answered or not.

A. He said, "You make all the checks"—he furnished irrevocable stock powers which stated on them that it gave the right to the Wake Development Company to accept any shares of stock in any company that the salesman might collect in making his sales, and sell them and apply the proceeds against the sale of the Trinidad stock.

Mr. Rose: Just a moment. Let me have the first three or four words of that, please.

(The record was read.)

Mr. Rose: I move that the answer be stricken on the following grounds: One, that the answer is not responsive to the question of any conversation, and is a conclusion insofar as it purports to estab-

(Testimony of Willard Eugene Warren.)

lish the granting of irrevocable stock powers; it is a conclusion of law and not the best evidence, for the reason that obviously that portion of the answer pertains to some writing and, therefore, it is not the best evidence.

The Court: Do you have one of them? [760]

Mr. Lucas: I haven't yet determined. I will stipulate that the answer may be stricken.

Q. By Mr. Lucas: The question was what was said between you and Mr. Danziger about handling the funds.

A. Well, our first conversation was that all the checks were to be made payable to the Wake Development Company.

Q. And how were they to be cleared?

A. Mr. Danziger said at that time that he had no means in New York to clear the checks, but that he would send them air mail to Los Angeles and deposit them in the account, or send them for collection through the Wake Development Company asking them to wire Fate, so that he could immediately draw the funds and have the funds re-wired to New York so we could pay the salesmen and get our override on these sales.

Q. Now, we will get back to this fellow Franklin or Kramer. What was that name?

A. Franklin was the name, but he used the name of Kramer.

Q. You had introduced him to Mr. Danziger and said something to Mr. Danziger about it. Can you pick up the thread of your thought from there?

(Testimony of Willard Eugene Warren.)

A. I thought I completed my testimony about that.

Q. All right. Did you avail yourself of the services of this man Franklin or Kramer? [761]

A. Yes, I did. Kramer and I had an understanding between us that we would split——

Mr. Rose: Just a minute. I object——

Q. By Mr. Lucas: Never mind about your understanding with Kramer. If it is some private deal between yourself and Kramer, we are not interested.

Did you avail yourself of his services?

A. Yes, I did.

Q. And did he make any sales?

A. Not immediately.

Q. When was his first sale?

Mr. Rose: I object to that as irrelevant and immaterial, and not constituting any issuable fact.

Mr. Lucas: It is a preliminary question, your Honor.

The Court: He may answer.

A. I can't tell you which salesman made the first sale, but there were a number of sales made.

Q. I am talking about the first sale by Franklin or Kramer, do you remember that?

A. Yes, I do.

Q. To whom was it made?

A. The first sale made by Franklin was Elizabeth Pierce.

Q. Where did she live?

A. South Amboy, New Jersey.

(Testimony of Willard Eugene Warren.)

Q. Do you recall the amount of that sale? [762]

Mr. Rose: Object to it as irrelevant and immaterial.

The Court: Is that one of the names?

Mr. Lucas: No; that is a preliminary matter, your Honor.

Mr. Rose: Your Honor, we have so many preliminaries here. I want to stay within the scope here of the matters that are purportedly an issue here. We can't sit here and be held to account for all the trespasses and sins of every person in the United States. Whatever transaction Kramer or Franklin had in 1935 with Pierce is certainly not the subject of any matter that your Honor is going to be called upon to review here.

The Court: What are you leading up to?

Mr. Lucas: This, as already indicated, is the first sale after the devising of this scheme. We affirm it was called to the attention of Mr. Danziger. It is the first transaction, and while it is not charged in the counts, we deem it as very definite proof of the scheme that we allege was concocted, and about which we have already testimony, and urge it for that reason, your Honor. I don't want to lay too much stress on it, and I will pass as rapidly as I can to the count witnesses, but inasmuch as it is one of the first sales I would like to go into it.

The Court: Was it made, by the way, before Mr. Danziger went abroad?

Mr. Lucas: It was probably initiated before he

(Testimony of Willard Eugene Warren.)

went [763] abroad. It was called to his attention before he left for Europe.

The Court: Proceed.

The Witness: The first sale made was to Elizabeth Pierce in South Amboy, New Jersey, for \$600.00.

Q. By Mr. Lucas: Now, tell us what was said between you and——

Mr. Rose: Just a moment. What was the question?

(The question was read.)

Mr. Rose: Your Honor, I object to this on the ground there is no proper foundation laid, it is too remote, and it doesn't pertain or relate to anything of which we are cognizant.

The Court: He may answer.

Mr. Rose: May an exception be noted, your Honor?

The Court: Exception.

The Witness: The first sale was made to a Great Eastern Natural Gas stockholder by Jack Beyers for \$600.00. The check was brought back to me at the Victoria Hotel in New York, and I immediately took the check over to Mr. Danziger. Mr. Kramer went along with me, or Mr. Franklin, as his real name was, he was using the name of Kramer as a salesman, his real name was Franklin. Franklin and I went together up to Mr. Danziger's room; we showed him the \$600.00 check, in fact, gave it to him. I told him that we had broken the ice, and the salesman stated the circumstances [764] under

(Testimony of Willard Eugene Warren.)

which he had received the check, indicated that the party who had given the check would be able to purchase a great many more shares of Trinidad stock. Mr. Franklin spoke up and said, "From the way this thing looks to me we will be able to sell the company right here. We won't have to go any further."

Mr. Danziger said, "Well, that's fine." He said, "I hope you get busy on this sale right away, because I want to get away to Europe, and if you can make any real substantial sale here it will help me to get my plans all completed to go abroad and to do the work I want to do for the company."

Mr. Kramer spoke up at that time and said, "Don't be too fast, Mr. Danziger. I can't go out there right away to make this sale."

Danziger said, "Why not?"

He said, "Because this woman is going away to visit one of her nephews for about thirty days, and it wouldn't be advisable to contact her where she is going."

Danziger said, "Well, make it as soon as you can."

He said, "Well, maybe I will be able to do it within twenty days, but I wouldn't want to risk a chance of trying to make the sale until she returns."

That was the end of that conversation at that particular time.

The Court: I must recess a little early, and I ask [765] your indulgence, gentlemen. My time is not entirely my own, being a visitor here, so in

(Testimony of Willard Eugene Warren.)

order to keep a schedule we will resume at a quarter of 2:00.

(Whereupon, at 11:45 o'clock a. m., a recess was taken until 1:45 o'clock p. m.) [766]

Los Angeles, California,

Wednesday, January 24, 1945, 1:45 p. m.

WILLARD EUGENE WARREN

(WARREN C. CARTER)

resumed the stand on behalf of the defendants and, having been previously duly sworn, testified further as follows:

Mr. Lucas: Will you read the last portion of the witness' answer, Mr. Reporter?

(The record was read.)

Direct Examination (Continued)

By Mr. Lucas:

Q. All right. Then did Kramer go back to see this woman that you know of?

Mr. Rose: Objected to as leading and suggestive, hearsay, no proper foundation laid, and immaterial and irrelevant to any of the issues in this proceeding.

Mr. Lucas: The question can be answered yes or no.

The Court: He may answer.

(Testimony of Willard Eugene Warren.)

A. Yes, he did.

Q. By Mr. Lucas: All right. Did he make a sale?

Mr. Rose: I object to that as immaterial.

The Court: He may answer.

A. Yes, he did make a sale in the amount of—

Mr. Rose: Just a moment. I object to it as a conclusion of the witness, no foundation laid that he was even present.

The Court: He may answer. [767]

A. He did make a sale for 2,000 shares of Trinidad International Petroleum stock and notes.

Q. By Mr. Lucas: What was the amount of money involved, if you know?

Mr. Rose: I object to it as immaterial to any issue in this case.

The Court: You may answer.

A. The amount of the sale was \$6,000.00.

Q. By Mr. Lucas: All right. Did you talk that deal over with Mr. Danziger?

A. Yes, I did.

Q. What did he say to you and what did you say to him about that deal?

Mr. Rose: May we have a foundation?

Q. By Mr. Lucas: When and where was it said, if you recall?

A. Mr. Danziger and I at one of our talks in the hotel over business matters, we were having continuous consultations, at one of the meetings I told Mr. Danziger that Mr. Franklin or Kramer, as he was known as, had just completed a sale with

(Testimony of Willard Eugene Warren.)

Mrs. Pierce in which he had told 2,000 shares of the Trinidad units. Mr. Danziger said, "That's fine. How did he make the sale?"

I said, "It appears that he took in securities, principally the American Can Company stock."

And he said, "Well, is he going to turn those securities [768] over to me?"

And I said, "Now, I wanted to talk to you about that, Mr. Danziger. Have you any arrangement for the sale of those securities here in New York, how can they be sold?"

He said, "Well, I think that can be arranged." He said, "However, I would have no objections if you had some place to sell them."

And I said, "Well, Kramer has a broker down town that he has been doing business with for some time, and he says he can take them down town and get us the money on the sale within three days' time, and have the money back here."

He said, "Well, if he can arrange it that way it will be all right."

In three or four days, I don't remember the exact length of time, I met Mr. Kramer, and we both went back to see Mr. Danziger, at which time we turned over \$2,000.00 to Mr. Danziger, and Mr. Danziger issued the stock.

I am of the opinion, although I can't be too sure, that Mr. Danziger issued the stock in New York, but I can't be too sure of that. It was my opinion that he could issue security, or that he had the stock book there at the time and could issue the

(Testimony of Willard Eugene Warren.)

stock, but I am a little vague on that. It goes back a long time, it is hard to just exactly remember every detail.

Mr. Danziger on the occasion of this \$2,000.00 expressed his appreciation for our sales efforts and stated that he [769] wanted to make as many sales as possible before he departed for England, because he was now going to England within a very short length of time.

That was the conclusion of the—no, it wasn't. At that time Mr. Kramer stated in front of Mr. Danziger and me that this was by no means the end of the Pierce matter, that this woman could easily buy the whole capitalization, or some words to that effect. And Mr. Danziger said, "Gentlemen, that's fine, we certainly can use it at this time." And "when do you think you will be able to do that?" And Kramer made the remark, "Just keep your shirt on and don't be in too much of a hurry, I will get to it in due course, and if you are abroad we will see that you get the money, you don't need to worry about that."

Q. By Mr. Lucas: Did you make any more sales prior to Mr. Danziger's departure for Europe?

A. Yes, there was a few small sales to other people, the names of which are not in my memory now, because they were not of the size of the Pierce sale, and I don't remember them.

Q. What was done with the proceeds of those sales?

A. As each check was collected, we gave it to

(Testimony of Willard Eugene Warren.)

Mr. Danziger, and he would mail it off to Los Angeles and the money would be wired back and paid to us in cash by him.

Q. Do you remember approximately the date that Mr. Danziger left for Europe? [770]

A. It is very hard to fix dates. I haven't looked at a great many records, only just a very few as you know, and I can't definitely tell you the date that he sailed. In my opinion he sailed somewhere, I thought it was around in August, or maybe the very first of September, but I can't be sure.

Q. I see. Did you correspond with Mr. Danziger while he was in Europe? A. Yes, I did.

Q. Were any arrangements made between conversations, between you and Danziger, as to how you would carry on the business while he was in Europe?

A. Yes, we had a conversation about that before he left. I brought up the matter of him going to England, and there would be no one there to issue stock and no one to clear the checks; and during the course of conversation the subject was brought up that we might be able to make an escrow agreement with some small trust company or some fiscal agent who would act in that capacity. He asked me how I would like to have the arrangement made. And I told him as long as Mr. Palmer had been so co-operative as to give us the Great Eastern list, that I was under the obligation to him, personally, to see that he received some profit out of the transaction, that I had entered into a private arrange-

(Testimony of Willard Eugene Warren.)

ment with Mr. Palmer about it, which didn't involve him, and that Mr. Palmer at that time had an office [771] in Wilmington, Delaware, that he had been operating under the name of J. H. Dube. I suggested that it might be a good idea if the J. H. Dube & Company would enter into a contract with Mr. Danziger and the Wake Development Company whereby Danziger and the Wake Development Company would escrow a certain number of shares of stock under a certain provision; that upon the payment of \$1.00 per share they would issue us the stock. It was also agreed at the time that this escrow agent, which it later turned out to be the Commonwealth Trust Company, if my memory is correct, in Wilmington, Delaware, would also endeavor to collect the checks of the Wake Development Company, clear the checks, and then send on to Mr. Danziger wherever he designated, either to California or to London, his proceeds, and pay us ours according to our arrangement, which was \$1.00 for Mr. Danziger and \$2.00 for the sales agent, that is myself and the Dube Company.

I think at that time my name was eliminated out of the contract, and I think Dube acted as an agent for me in the transaction.

Mr. Rose: I move that be stricken as a conclusion of law and not the best evidence.

Mr. Lucas: I will stipulate it may go out.

The Court: Stricken.

Q. By Mr. Lucas: Was that arrangement talked over between you and Mr. Danziger carried out? [772]

(Testimony of Willard Eugene Warren.)

A. Yes, there was an arrangement. We went down to Wilmington, Delaware, I remember the trip very well because it was at that time Mr. Danziger told me about his former difficulties with his first wife, and I remember the trip very well because we rode in the car and talked about the matter. A contract was drawn up down in Delaware, that is about all I can say about that, and we came back to New York after that.

Q. Now, were sales made and cleared through that arrangement in Delaware?

A. Yes, there were some sales made.

Q. Did Kramer or Franklin afterwards go back to this lady Mrs. Pierce?

Mr. Rose: Your Honor, I object to it as wholly irrelevant and immaterial and no proper foundation laid, and it is not one of the issues in this case.

The Court: I consider it preliminary. Yes or no.

The Witness: Yes, he did.

Q. By Mr. Lucas: Did he make a sale?

Mr. Rose: Just a minute. Your Honor, I think there ought to at least be the preliminary foundations as to whether this witness was even present.

The Court: Do you know?

The Witness: Yes.

The Court: You may answer.

The Witness: About thirty days after Mr. Danziger had [773] gone, or thereabouts, I can't be too specific how long it was, Mr. Kramer told me that——

Mr. Rose: I object to that as hearsay.

(Testimony of Willard Eugene Warren.)

Mr. Lucas: It is part of the plan, scheme, and part of which this witness has already testified, if the Court please, that Danziger said it was all right for him to go back there, and it was within the contemplation.

The Court: Yes, but let's shorten it. We don't want all this talk between the salesmen. Did he make a sale, and how much?

The Witness: I cabled Mr. Danziger in London about a month after that that an unfortunate circumstance——

Mr. Rose: Just a moment. I object to that as not the best evidence.

Mr. Lucas: Have you got the cable, Mr. Rose?

Mr. Rose: I am not subject to any inquiry here, unless you call me as a witness.

Mr. Lucas: I was trying to lay a foundation for the secondary evidence. We have no copy of the cable, your Honor.

The Court: You may answer.

The Witness: I cabled Mr. Danziger at an address that he had given about a month and a half after he had gone to England. I think there is a copy of the cable, I saw it somewhere in Mr. Mainland's papers.

Q. By Mr. Lucas: Among the papers that you have [774] given——

Mr. Rose: Just a second.

The Witness: Papers that I either gave you, or in the course of my papers.

Mr. Rose: If your Honor directs, I will go

(Testimony of Willard Eugene Warren.)

through the papers that I have here and endeavor to find—I will say frankly to the Court, since counsel insists on asking me questions here in open court, I am stating to your Honor it is my recollection among these maze of papers that I have that have been furnished me by Mr. Mainland and Mr. Danziger, that there appear to be some original cables in my possession. Now, if your Honor thinks it would expedite matters, I will take a look for this particular cable right now.

The Court: That wouldn't expedite matters.

Mr. Rose: I intend to go into it on cross examination, obviously, so counsel doesn't have to produce secondary evidence.

The Court: Do you have a copy there, Mr. Mainland?

Mr. Lucas: I don't think we have a copy, your Honor; at least, I am not conscious of it.

Mr. Rose: You ask Mr. Mainland, and he will tell you all these cables were in the possession of the Securities and Exchange Commission and were numbered by him, as I recall them, and some of them were returned to me when I was upstairs with Mr. Mainland going over certain documents. [775]

Do you remember that, Mr. Mainland?

Mr. Mainland: Not this stuff. It had nothing to do with it, that I know of.

The Court: Go ahead, finish your story.

The Witness: I cabled Mr. Danziger to the effect that an unfortunate circumstance had arisen regarding Mr. Kramer's obtaining some securities

(Testimony of Willard Eugene Warren.)

from Mrs. Pierce on a sale of Trinidad stock, which he had not turned over to me or had not made any arrangements for the delivery of the Trinidad stock, and I was not in a position to communicate with Mr. Kramer because I did not know where he was, and that I felt as a consequence there was going to be some trouble.

Q. By Mr. Lucas: Did you tell him the amount involved?

Mr. Rose: The cablegram will speak for itself.

A. I don't remember whether I stated the amount, I don't think I did, because at the time of my cable I don't think I knew exactly how much it was.

Q. By Mr. Lucas: Did you hear from Mr. Danziger in response to your cable?

A. I got a cable back from Mr. Danziger, I had several back from them, one of them stated to use my own judgment and to go to any length I thought was necessary in protecting the matters.

The Court: Do you have the cable? [776]

The Witness: No, I don't have the cable, I am just remembering it.

I then wrote Mr. Danziger in detail about this matter.

Q. By Mr. Lucas: Tell us, in substance, what your recollection is about what you communicated to him.

Mr. Rose: I object to it on the ground it is not the best evidence.

The Court: Does he have a copy of the letter?

(Testimony of Willard Eugene Warren.)

Q. By Mr. Lucas: Do you have a copy of the letter?

A. No, I wrote it in longhand. I didn't keep copies.

Q. By Mr. Lucas: Go ahead.

A. I wrote him that some time after he left, Mr. Kramer had visited Mrs. Elizabeth Pierce and, to the best of my knowledge, had obtained approximately \$35,000.00 worth of American Can preferred and common stock, and that the way I had found that out was that he had an engagement with me to call on Mrs. Pierce, which he had broken. And then when I called him and tried to get him to keep the appointment with me, he evaded the issue and said he would meet me at Mrs. Pierce's house in South Amboy, and to park my car outside, and that he would go in there with me and call on Mrs. Pierce. He didn't show up, and I came back to New York and I wrote him and told him. I then called Mrs. Pierce on the telephone, and without her knowing who it was, she quickly said, "Oh, is this you, Mr. Kramer?" And she said, "I have been worried about matters. You [777] know, someone else has been trying to get me on the telephone, and I didn't know what you wanted me to tell them." And then I said, "Did you tell them about the securities that you gave me?" And she said, "Oh, you mean about the three hundred shares of American Can?" I said, "Yes, that's right." And she said, "No, I didn't tell them a thing." And I then further told Mr. Danziger that that was the way I had found out that Mr. Kramer had been

(Testimony of Willard Eugene Warren.)

there and obtained this amount of securities; that after I had ascertained this, I came back to New York and called the Shearer office on Wall Street and asked for Kramer, and was told that he was not around.

Q. All right. Did you thereafter continue to operate under this Great Eastern deal while Mr. Danziger was in Europe?

A. No, I did not. During my communications with Mr. Danziger, I wrote him and told him that I thought there would be repercussions as a result of this deal, and that I thought it would be best not to try to sell or have any salesman out working at that time, and we discontinued sales right after that.

Q. Under the arrangement down in Delaware?

A. That's right.

Q. Were any substitute or other arrangements made between the two of you?

A. Since there were no sales made in that intervening [778] time, Mr. Danziger wrote me a letter from London in which he stated he wanted to discontinue the arrangement in Delaware because we had not continued to keep up the sales, and that in the event we wanted to continue any further sales that we would have to do all matters through the Wake Development Company's office in Los Angeles, California. He told me to communicate with Mrs. Faulkner; that if I wished to send out any letters or give any instructions to Mrs. Faulkner, it would be perfectly all right, that she would co-operate with us in every way in an endeavor to

(Testimony of Willard Eugene Warren.)

carry on the business just the same as if he was there.

I wrote to Mrs. Faulkner and to Mr. Danziger and told him that's the way we would continue in the future.

Q. On that arrangement did you make sales?

A. I can't remember any during the balance of 1935. There may have been some. I remember that during the course of my correspondence with Mr. Danziger I wrote him that I was going to go to Canada and try to make an arrangement with a broker up there to handle Trinidad International Petroleum stock. And then I did go to Canada. While I was in Canada, I circularized—I caused a concern up there to become interested in the Trinidad deal, and they sent out——

Mr. Rose: Just a moment. I object to that as hearsay.

The Court: Sustained.

Mr. Lucas: I show you this counsel.

Mr. Rose: No objection to the admission of this letter [779] in evidence.

Mr. Lucas: I didn't think there would be, but I did want to get it in.

Q. By Mr. Lucas: I show you, Mr. Witness, what purports to be a photostatic copy of a letter written on the stationery of the Park Lane Hotel, Picadilly, London, signed J. M. Danziger, and ask if you have seen the original of which that purports to be a photostatic copy. A. Yes, it is.

(Testimony of Willard Eugene Warren.)

Mr. Lucas: I now offer this in evidence as government's exhibit next in order.

The Court: It is admitted.

The Clerk: 104.

(The document referred to was marked as Government's Exhibit 104, and was received in evidence.)

Q. By Mr. Lucas: During the time that Mr. Danziger was in England, and before he returned, did you contact a lady by the name of Elizabeth Parsons? A. Yes, I did.

Q. Do you know where she lived?

A. She lives in Pottsville, Pennsylvania.

Q. Do you recall approximately the time that you first contacted her?

A. Well, it was some time in the middle part of 1936 if my memory is correct.

Q. What was the purpose of your visiting her?

Mr. Rose: I object to it as immaterial.

Mr. Lucas: We allege it is part of the scheme.

Mr. Rose: Your Honor, I have heard this use of the word "scheme" here at least thirty times by opposing counsel but as I understand it we are supposed to be trying certain specific transactions set forth in this indictment, and if we are going to try every transaction had when a man is in England, and all of that, then we are going to clutter up this record with so many transactions that are not pertinent and relevant we will lose sight of it.

The Court: Is Parsons in the indictment?

Mr. Lucas: Yes, the first count.

(Testimony of Willard Eugene Warren.)

The Court: Is it in the indictment?

Mr. Rose: I don't recall it.

Mr. Lucas: The Parsons transaction is in the first count of the indictment.

The Court: Let's not fool around like school children. If it is in the indictment, it is there. Do you want the indictment to read it?

Mr. Rose: No, your Honor; I have a copy of it.

Mr. Lucas: If you are thinking about the date of the first count in the indictment, don't think I misled you. The Parsons transaction is in the first count is what I said. An offense on those checks would obviously be outlawed.

Mr. Rose: That is exactly what I had in mind.

Mr. Lucas: I think the Court understood when I said [781] the Parsons transaction is in the first count.

The Court: Have you read the indictment?

Mr. Rose: I have, but not all the words.

The Court: Do you want to assure yourself that Parsons is mentioned in the first count?

Mr. Rose: Yes, I would, your Honor, if you will permit it.

The Court: State your theory.

Mr. Lucas: I wanted to go to the very beginning of the transaction, your Honor. I think it is only proper and appropriate.

The Court: You may answer.

The Witness: Where did I leave off?

(The question was read as follows: "What was the purpose of your visiting her?")

The Witness: To make a sale.

(Testimony of Willard Eugene Warren.)

Mr. Lucas: All right. I show, you counsel, two letters, carbon copies of letters.

Q. By Mr. Lucas: Was the last question: "Did you have correspondence with Mr. Danziger while he was in Europe concerning the Parsons matter?" or I will ask it to you now. Did you?

A. I received some letters from Mr. Danziger about it.

Q. All right. Then, I take it the answer is you had correspondence with him? [782]

A. Yes.

Mr. Rose: Just a minute. Are you testifying now, counsel?

Q. By Mr. Lucas: I show you, after having first shown to counsel, two letters, the first one on a pink sheet, and ask you if you have seen that before.

A. Yes, that's right, I have seen this before.

Q. Now, I show you the next one and ask you if you have seen that one before.

A. Yes I have seen this before.

Q. Referring now to the letter that you hold in your hand, the second one I showed you, from whom did you receive it?

A. I received this letter from Alda Faulkner, Los Angeles, Wake Development Company's office.

Q. Having reference now to the pink sheet which I first showed you, when did you receive that with respect to the other letter?

A. Well, I received it along with it. It is a copy of a letter that was written——

(Testimony of Willard Eugene Warren.)

Q. The pink sheet——

A. (Continuing): —by Mr. Danziger in England.

Q. The pink sheet was enclosed with this?

A. That's right.

Mr. Lucas: I ask that these two letters be introduced in evidence as the government's exhibit next in order as [783] one exhibit.

Mr. Rose: To which objection is had on the ground that no proper foundation has been laid; they are not binding on the defendants.

The Court: They are admitted.

Mr. Rose: May an exception be noted, your Honor?

The Court: Exception.

The Clerk: 105.

(The documents referred to were marked as Government's Exhibit 105, and were received in evidence.)

Q. By Mr. Lucas: Now, I show you, after having first shown to counsel, another letter on the stationery of Park Lane Hotel, Piccadilly, London, starting out, "My Dear 'Old Timer' ", and ask you if you have seen that before. A. Yes, I have.

Q. From whom did you receive it?

A. I received it from Mr. Danziger. To the best of my memory, I received it in Philadelphia.

Mr. Lucas: I offer this in evidence as a government's exhibit, to be made a part of the last exhibit, if there is no objection, because it is related

(Testimony of Willard Eugene Warren.)

to the same subject matter as the two preceding letters.

The Court: It will be attached.

The Clerk: Part of 105.

(The document referred to was marked and made of Government's Exhibit 105 in evidence.) [784]

Q. By Mr. Lucas: After Mr. Danziger came back from London, didn't you meet him in New York? A. Yes, I did.

Q. And did you have any conversation with him? A. Yes, I did.

Q. What did he say to you and what did you say to him?

Mr. Rose: Can we find out when this is, where it is?

Q. By Mr. Lucas: When did you first meet him after he came back?

A. I believe I met him in the lobby of the Barbizon Plaza Hotel.

Q. Up to that time, if you recall, had you made any sale of securities to Mrs. Parsons?

A. Yes.

Q. Do you recall—— A. Several sales.

Q. You made several sales, all right. Can you recall the first one? A. Yes.

Q. How much was it?

A. The first one was \$500.00.

Q. How much was the second one?

A. Approximately \$3,000.00.

(Testimony of Willard Eugene Warren.)

Q. And did you have another sale before Mr. Danziger returned? [735]

A. Yes, I think there was another one for \$4,000.00.

Q. What did you do with the proceeds of these sales when you took them in?

A. On each occasion I would communicate with Los Angeles, the Wake Development Company, and advise them that I had made a sale, and how much stock they were to deliver to Mrs. Parsons on the sale. I believe on the first sales that I asked them to send the stocks that would cover the Parsons sales to me under the name of Edwards, as I wished to deliver them to Mrs. Parsons as coming from me.

Q. You were using, then, the alias of Edwards in the Parsons transaction?

Mr. Rose: Just a second.

Mr. Lucas: I will withdraw the question.

Mr. Rose: Wait a minute. I want to clear up a point on the record right here. I take it the antecedent to the sales about which inquiry has been made here were those made prior to the return of Mr. Danziger from England, is that correct? Is that what the record shows here?

The Court: Can you tell him?

Mr. Lucas: Yes, I think it is right, that is my recollection of the record.

The Court: The sales were made while he was in England?

(Testimony of Willard Eugene Warren.)

Mr. Lucas: Yes.

Mr. Rose: I just want to be sure I understood that.

The Court: That is so, is it? [736]

The Witness: That's right.

The Court: Continue.

Q. By Mr. Lucas: Please tell me, Mr. Carter, was the money for these sales that you have been testifying about——

Mr. Rose: Just a minute. Excuse the interruption.

Mr. Lucas: Yes.

Mr. Rose: I wanted to address to your Honor a motion to strike the conclusion of this witness in respect to some communication that he said he sent to Los Angeles while Mr. Danziger was in England. He incorporated that in his recital here, and I submit that if there was any such communication that would be the best evidence; and, furthermore, that the same has no foundational facts here to make it relevant, pertinent, or binding on the defendants now on trial.

The Court: Did you keep copies of any letters that you wrote, Mr. Witness?

The Witness: Well, I can't state that I have any on hand now. There was some papers that I did turn over to Mr. Mainland,——

The Court: You don't have any now?

The Witness: (Continuing) —pertaining to this, and I don't have any in my possession. The

(Testimony of Willard Eugene Warren.)

only papers I had I turned over to Mr. Mainland.

Mr. Lucas: We have a complete file—not a complete [737] file, but we have many papers here, your Honor, which I propose to get in as I go along covering the transaction.

The Court: Wherever he talks about a letter, and you have a copy of it, you show it to counsel and put it in the record.

Mr. Lucas: Oh, yes, without a doubt I will.

The Court: Continue. Motion is denied.

Mr. Rose: May an exception be noted?

The Court: Exception.

Q. By Mr. Lucas: I didn't understand from your testimony, Mr. Carter, whether—

The Court: He met him in the lobby of the hotel.

Q. By Mr. Lucas: No. On this Edwards transaction, whether this money, these three or four or five thousand dollar checks you are talking about as having sold transactions with Mrs. Parsons, whether that money was sent to Los Angeles or received by you?

A. The first sales that were made to Mrs. Parsons were made by me personally, the first three sales that were made were made by me personally. I sold the Trinidad International Petroleum stock by telling her that I had a connection with the Trinidad International Petroleum people, and that I represented their fiscal agent the Wake Development Company. I told her that my name was Ed-

(Testimony of Willard Eugene Warren.)

wards, and that as a result of my connections I was in a position to allow her to buy this security and to give her a certain [788] number of shares of stock in that company. I showed her all of the literature which I had in my possession, which I had received previously on the Great Eastern deal, to substantiate the fact that I did have some connection with the company. And at that time I wrote in detail to the Wake Development Company office, Alda Faulkner, and told them what I was doing.

Mr. Rose: Just a moment. I now move the Court that the answer of this witness be stricken on the following grounds, severally: One, that there is no foundation laid to show that this witness was ever authorized to make the declarations and statements he now asserts to have been made to a Mrs. Parsons at occasions when Mr. Danziger was in London and the corporation's representatives were out here in California; that the same is hearsay, that any of the antecedent understandings or advices or directions asserted and testified to by this witness antecedent to these conversations, necessarily do not authorize the statements and declarations this witness asserts to have made outside of the presence and without the knowledge of the defendants, and for that reason they are hearsay and incompetent.

The Court: Motion denied.

Mr. Rose: May an exception be noted?

The Court: Exception is allowed.

Q. By Mr. Lucas: Now, tell us to the best of

(Testimony of Willard Eugene Warren.)

your [789] recollection all you said to Mrs. Parsons and anything you showed her.

A. I showed Mrs. Parsons a paper which I had received from London from Mr. Danziger, and I believe the name of the paper was The London Financial Times or News, or something like that, I don't remember the exact name, Mr. Danziger sent me quite a few papers from London, telling me that I would know how to use them in the sale of Trinidad stock. And I showed her a number of stocks in the oil list of this paper which had the name "Trinidad" connected with them; one of them was "Trinidad Apex", the other one was "Trinidad Leaseholds", and the other one was—several other Trinidad stocks, and I told her that the company that I was selling her was headed by a former group of people of the Pan American Petroleum & Transport Company, and the Mexican Petroleum Company; that the stock had in former years a very high rating; that all of these men that were formerly connected with the Mexican Petroleum Company and the Pan American Petroleum & Transport Company were now directing their efforts toward the exploitation of oil in Trinidad, British West Indies, through this Trinidad International Petroleum Company; that the President of the company was now in England attending to the financing, large financial operations for the company; that I had personally been in touch with him numerous times; that I knew him personally and that I was [790] doing certain work for the com-

(Testimony of Willard Eugene Warren.)

pany; and that these shares which I was allowing her to buy was an inside arrangement, and the price she was getting would be considerably lower than what the stock could be sold for on the London securities market.

Q. All right. In this Parsons transaction, were you taking any stock in from her?

A. Yes, I took in 3,000 shares of Lamaque Contact gold stock.

Q. Do you recall any others?

A. I took in another stock which she owned, which had no market value, called Golden Quebec Mines Limited.

Q. What credit arrangement, if any, was allowed her on that?

A. I allowed her a credit, as near as I can remember now, of \$500.00 for her Golden Quebec stock, providing she paid \$500.00 in cash on a thousand dollars worth of stock, at the rate of \$7.00 a unit.

Q. After Mr. Danziger returned from Europe, did you make another sale to Mrs. Parsons?

A. No, I didn't make a sale.

Q. Did someone under your direction contact her?

Mr. Rose: I object to that as leading and suggestive, calling for an opinion and conclusion of the witness, not the best evidence.

The Court: You may answer. [791]

A. I arranged to have a sale made.

Q. What did you do now?

(Testimony of Willard Eugene Warren.)

Mr. Rose: I object to that as calling for hearsay.

The Court: You may answer.

A. When Mr. Danziger came back from England, or previous to the time that Mr. Danziger had come back from England, he had written me about his desire to put over a nice sale upon his return to New York, and he further asked me if there wasn't something that I could do further in the Parsons matter; that he would be very willing to cooperate and help in any way that he could. So when he did come to New York, I brought the subject up that I had made an arrangement to have a salesman call on Mrs. Parsons and make a sale. I told him that I had made so many visits to Mrs. Parsons during the course of several sales to her, that I had exhausted my own imagination to create any more sales talk, and that I figured that it was a good idea if I interjected a new personality into the picture.

I told him I had found a man by the name of Joe Robbins, who I thought would be just the type of man that would appeal to Mrs. Parsons. I told him that we had talked it over and decided that Mr. Robbins would go up there and state that he was a direct representative of Mr. Danziger's from England, and that he represented a financial agent of Mr. Danziger's by the name of A. R. Winslow, and that Winslow had an option or controlled a [792] selling group of a certain number of shares of stock, and that she could purchase a block of that

(Testimony of Willard Eugene Warren.)

stock, which would be considerably below what the stock was selling for in the English markets. As a matter of fact, we had some receipts made, printed, under the name of "A. R. Winslow".

Then Mr. Robbins went up and made the sale and came back, there wasn't any definite amount set on, the idea was to make the sale for \$10,000.00, but when Mr. Robbins came back he had a check for \$7,000.00 made payable to A. R. Winslow, who was supposed to be the fiscal agent.

Q. Was A. R. Winslow a real person?

A. There was no person by the name of A. R. Winslow, to my knowledge.

Q. You mentioned the \$7,000.00 check. I show you Government's Exhibit 11——

Mr. Lucas: I notice, Mr. Clerk that this is marked for identification. Is that in accordance with everybody's record? I had an idea that it was in evidence.

The Clerk: It is marked in evidence January 16th.

Mr. Lucas: Your record is that it is in evidence, is that right, Mr. Clerk?

The Clerk: Yes, that's right.

Q. By Mr. Lucas: I show you Government's Exhibit 11, being a check signed "Elizabeth Parsons" and payable to "A. R. Winslow", and ask you if this is the check which you have just been testifying about? [793]

A. Yes, this is the check.

Q. When and where did you receive that check?

(Testimony of Willard Eugene Warren.)

A. Well, I received the check in the Imperial Hotel from Joe Robbins.

Q. What did you do with it?

A. Joe Robbins was with another friend of his who had brought him into the picture with me, and they brought the check unendorsed to me, and I said, "Well, you better endorse the check, and I will see that the money is collected on it." So they took the check and went over to the writing desk of the hotel, and I don't know which one did write the signature, but one of them endorsed it.

Q. Then, what did you do with the check?

A. Well, frankly, I am just a little bit uncertain what I definitely did with this check.

Q. Give us your best recollection of the transaction.

A. Well, my best recollection is that I gave it to Mr. Danziger who agreed to send it by air mail to Los Angeles, California, for collection right away. The only alternative to that could have been that he told me to mail it out there, instead of him.

Mr. Rose: I move that be stricken as purely an opinion, surmise, and conjecture on the part of this witness.

Mr. Lucaš: I will stipulate that the answer beginning with "The only alternative" may be stricken.

The Court: Stricken. [794]

The Witness: To the best of my recollection, I gave the check to Mr. Danziger.

(Testimony of Willard Eugene Warren.)

The Court: Does it bear the endorsement of the Wake Company?

Mr. Lucas: Yes.

The Witness: The understanding was that this check would be collected through the Wake Development Company, and the proceeds would either be wired back to Mr. Danziger or to me.

Q. By Mr. Lucas: Well, at any rate, did you participate in the proceeds of the check?

A. Yes, we did.

Q. How was that \$7,000.00 check divided?

A. As near as I can remember, this money was on a slightly reduced proportion to the regular one-third that went to Mr. Danziger. I think he took less than one-third of the \$7,000.00, due to the fact that I had explained to him that there were two men in the deal besides myself that had to be paid off in the deal, therefore I figured that under those circumstances he should bear a part of that pro rata expense in making the sale. And as near as I can remember, I think that Mr. Danziger got in the neighborhood of \$1600.00 or \$1700.00 out of this \$7,000.00.

Q. By Mr. Lucas: And you and who else——

A. The rest of the proceeds was split up equally between three men. [795]

The Court: What three men, Mr. Lucas?

Q. By Mr. Lucas: Yes, between what three men?

A. Mr. Robbins, Mr. Shaeffer, and myself.

The Court: Who is Mr. Shaeffer?

(Testimony of Willard Eugene Warren.)

The Witness: Mr. Shaeffer was the man that brought Mr. Joe Robbins to me to make the sale.

The Court: Was he one of the two men?

You ask the questions.

Mr. Lucas: Yes.

Q. By Mr. Lucas: Was he one of the two men that were in on the deal?

A. Yes, only insofar as he originally was contacted by me to get a salesman who would be able to make this sale to Mrs. Parsons. I had described that I needed a certain type of man to make the sale.

The Court: Was he one of the two men who endorsed the check?

The Witness: He was one of the two men, and I don't know which one it was that endorsed the check, and I didn't ask them.

Mr. Lucas: I show you, counsel, before I show it to the witness, several sheets of paper here, and ask you to look at them before I show them to the witness.

Q. By Mr. Lucas: I show you, Mr. Carter, after having shown to counsel, a series of letters here, the top one of which bears the date October 10, 1939, at the top [796] of the page in a penciled notation is the word "Wake"; do you know in whose handwriting that is written?

A. I think it is Mr. Danziger's. I can't——

Mr. Rose: What is the answer?

Mr. Lucas: "I think it is Mr. Danziger's".

(The answer was read.)

(Testimony of Willard Eugene Warren.)

Mr. Rose: Let him finish the answer.

The Court: The answer is stricken.

Q. By Mr. Lucas: Go ahead.

A. In the best of my opinion, that is in Mr. Danziger's handwriting.

Mr. Rose: I move that be stricken as incompetent.

The Court: Stricken.

Q. By Mr. Lucas: I show you the initials "JMD" at the bottom of the letter, enclosed letter, on the second page, in whose handwriting are those initials? A. That is Mr. Danziger's.

Mr. Rose: Just a moment, counsel. You exhibited to me that group of papers that are now before the witness. Those are papers that, manifestly, cannot be correlated; one is dated some time in '39, and there are others in the early part of '37. It is pretty difficult for me to maintain a record here with this sort of inquiry. You attached them together as if they all applied to one particular transaction or one occasion.

Mr. Lucas: The correlation of those things is [797] difficult, Mr. Rose, but I think I am equal to the occasion, and I——

Mr. Rose: I hope so.

Mr. Lucas: —and as I interrogate the witness, if I am not, an objection will undoubtedly take care of it.

What was the answer to the last question, Mr. Reporter?

(The answer was read.)

(Testimony of Willard Eugene Warren.)

Q. By Mr. Lucas: Still directing your attention to those first two sheets of paper, I call your attention to the fact that there has been cut out, apparently by scissors, something from the first sheet, and immediately below the cut out portion there are the words, "Dear Mrs."; do you know who cut that out?

A. Well, I had papers in which I had cut out a number of names——

Mr. Rose: Just a moment. I move that be stricken as not responsive. The question is simple enough. Does he know who cut that particular thing out?

The Court: Answer yes or no, if you can.

A. May I ask where you received this paper?

Q. By Mr. Lucas: I received it from Mr.——

Mr. Rose: Just a second. If you want to testify, submit to cross examination.

The Witness: If this is part of the papers that I furnished you, all of the names that were cut out were cut out by me. And if this paper was furnished to the [798] Securities and Exchange Commission by me, all the names had been previously cut out.

Mr. Rose: I move it all be stricken on the ground it is incompetent and immaterial.

The Court: Do you have a witness who will identify these as having been received that way?

Mr. Lucas: I think I received them.

The Court: You may have to be sworn.

Mr. Lucas: I now make a statement to the Court that I received the documents in the posses-

sion of the witness from his attorney, Mr. Peterson.

The Court: You may be sworn.

V. P. LUCAS,

called as a witness, having been first duly sworn, was examined and testified as follows:

The Court: Repeat the statement, counsel.

Mr. Lucas: I now state I received the documents in the possession of the witness, and about which he is testifying, from his counsel, Mr. Peterson, about four or five days ago.

The Court: Do you want to question Mr. Lucas, Mr. Rose?

Mr. Rose: I don't think so, your Honor. I would have been willing to accept his unsworn statement. The only point is that it appears now that he got it not from this witness, but from some other person, four days ago, as he [799] said. This case has been on trial longer than that.

Mr. Lucas: I said four or five days ago, and I think it is quite accurate.

The Court: Continue.

(Witness excused.)

WILLARD EUGENE WARREN

(WARREN C. CARTER)

resumed the stand as a witness on behalf of the government and, having been previously duly sworn, testified further as follows:

Direct Examination (Continued)

By Mr. Lucas:

Q. You gave certain papers to your counsel, did you? A. I did.

Q. And——

A. I cut out the names of all the names and addresses of nearly all the ones I gave to him; and I cut the name and address out of this letter, and this is one I sent to Mrs. Parsons.

Mr. Rose: I move the latter part of it be stricken as a conclusion of the witness.

The Court: Denied.

Mr. Rose: May an exception be noted?

The Court: Exception allowed.

Q. By Mr. Lucas: I show you another letter, being a yellow second sheet bearing at the top the words "Copy" and the salutation [800] "My Dear Mr. Danziger", and call your particular attention to the penciled notation at the bottom of the page reading as follows:

"OT, How about letting the friend on by assignment of right", and ask you in whose handwriting that is.

A. Mr. Danziger's.

Q. And from whom did you receive that letter?

(Testimony of Willard Eugene Warren.)

A. From Mr. Danziger.

Q. And there is cut out of this letter a slot, apparently cut by a scissors, immediately above the cut out portion is the word "Sincerely" and immediately below, in typing is "Pottsville, Pa"; what name was in there before it was cut out?

Mr. Rose: I object to it on the ground it is not the best evidence.

The Court: You may answer.

A. Elizabeth Parsons.

Q. By Mr. Lucas: I show you another letter, being a yellow second sheet bearing the date at the top April 26th, without any year, and this at the bottom contains a writing, handwriting, penciled writing, as follows: "Sat. noon OT, nothing in up to Sat noon—Bank of America phoned"—something that is illegible? A. "they".

Q. "phoned they had an eastern"—[801]

A. ——"inquiry."

Q. ——"inquiry as to the market value of TIP. I said I know of sales in NY and abroad at around par \$5.00. Hope for some luck for"—can you help me out on that? A. "for a sale."

Q. ——"for us all," I believe.

A. "for us all."

Q. "Regards JMD." I will ask you in whose handwriting that is. A. Mr. Danziger's.

Q. From whom did you receive that?

A. I received that from Mr. Danziger.

Q. Now, I want to call your attention to the typed words at the bottom of the first letter, there

(Testimony of Willard Eugene Warren.)

being on this second sheet two letters; directing your attention to the first typing on the bottom of the first letter, there is "RFMK" in typing, and beneath that in handwriting there appears written out "Thompson;" do you understand what that means? A. Yes, I do.

Q. What is that?

A. That is a code. RFMK is a code which represents the name "Thompson" that had been assigned to that particular code, RFMK.

Q. What is this code? Where did it originate?

A. During my communications with Mr. Danziger, at [802] one period I suggested we use a code so as not to disclose the identity of people's names or prospect's names that might appear in telegrams that we sent backwards and forwards a great deal during our negotiations. The first code used was the entire alphabet, substituting the second letter for "A" or the third letter for "A," I don't remember exactly which, but it was in one of those orders. And then after we had used that for some time, because of its difficulty in working it all out, Mr. Danziger wrote me a letter and suggested that he had a better plan, that he would take a series of code words from the International code book, or some code book that he had, and send them to me, and then I could set up alongside of the codes the various phrases which I would most frequently use in contacting him, and they would represent those phrases. Later we decided that we would also use those code words to designate a cer-

(Testimony of Willard Eugene Warren.)

tain name, especially where where we had occasion to refer to that name more than once.

Q. All right. Calling your attention to the second letter, now, there is typed the word "Elizabeth" and immediately after the word "Elizabeth" "NYPQMLQ;" can you tell me whether that was part of the code supplied by Mr. Danziger, or was that on the basis of the first code? [803]

A. Well, evidently that is from the third. N would evidently represent P, and that would be N, O, P would be the third letter. If N represents P, it has the identical number of letters in it as the Parsons name. So, each letter, counting three ahead, represents, spells out the name "Parsons."

Q. That is using the letter N as the first one?

A. Yes.

Q. You say "N O P," and "N" then stands for "P?"

A. That's right.

Q. "Y" stands for "A" counted two ahead, "Y" is "A?"

A. That's right.

Q. And so on until you spell out the name?

A. That's right.

Q. All right. Then I show you the next letter bearing date of November 2nd, 1937, and signed with the name of "A. Faulkner;" can you tell me whether that is Mrs. Faulkner's handwriting or Mr. Danziger's handwriting?

Mr. Rose: Let me take a look at it and I will tell you.

The Court: 15 minutes.

Mr. Lucas: Thank you, your Honor.

(Testimony of Willard Eugene Warren.)

(A short recess was taken.)

Q. By Mr. Lucas: Now, Mr. Witness, I show you a letter that we alluded to just before the recess, dated November 2nd, 1937, and call your attention to the name [804] "A. Faulkner," and ask you to tell me from whom you received the letter.

A. I received the letter from Mr. Danziger.

Q. Do you know whether the wording at the very top of the letter on the first page, where it says "T.I.P. letterhead" is in the handwriting of Mr. Danziger or Mrs. Faulkner?

A. I believe it is Mr. Danziger's.

Q. And the signature "A. Faulkner?"

A. I am almost certain that is Mr. Danziger's handwriting.

Q. Did you cut or tear out the name of the person that was at the head of that letter?

A. Yes, I did.

Q. What name was there?

A. May I look at the letter?

Q. Yes.

A. This is the letter, a copy of which was sent to me by the Wake Development Company, in which Mr. Danziger stated that the original went to Mrs. Parsons.

Mr. Rose: I move that be stricken as not the best evidence, and a conclusion of the witness.

The Witness: The name Parsons appeared at the top.

The Court: Admitted.

Mr. Rose: Exception.

(Testimony of Willard Eugene Warren.)

Q. By Mr. Lucas: I show you a yellow second-sheet, [805] legal size paper, the date of which is June 21st, 1937, and ask you if you have seen that before, and if so from whom you received it?

A. I received this from Alda Faulkner from the Wake Development Company.

Mr. Lucas: I now offer in evidence the six letters that this witness has been testifying about. I offer them as one exhibit, and if no one has any objections I will ask that they be attached to and become a part of Exhibit 85, which I believe to be the exhibit that has all of the correspondence of the Parsons deal that has heretofore been offered in evidence.

The clerk calls my attention to the fact that there is an 85-A and an 85; I offer this, then, as 85-B.

Mr. Rose: I noticed when you handed these to the witness there was an envelope that was addressed to one Carlton that you have in your hand; was that a part of this group?

Mr. Lucas: No. I just learned from the witness what that was, and I am just about to finish up on it and account for it, Mr. Rose.

Mr. Rose: I am objecting to this present offer on the following grounds, severally: One, that no proper foundation has been laid; that the same are incompetent; furthermore, they are immaterial.

The Court: They are admitted. [806]

The Clerk: 85-B.

Mr. Rose: May an exception be noted?

The Court: Exception is allowed.

(Testimony of Willard Eugene Warren.)

(The documents referred to were marked as Government's Exhibit No. 85-B, and were received in evidence.)

Mr. Lucas: Counsel, you asked me about the envelope.

Q. By Mr. Lucas: I now show you, Mr. Carter, an envelope bearing the legend at the top "Via: 'Empress of Britain'," which is apparently interlined or scratched through, addressed to George Carlton, Esquire, Hotel Adelphi, Philadelphia, Pennsylvania, U. S. A., "Please hold," and ask you if you received that envelope through the mail? A. I did.

Q. From whom?

Mr. Rose: I object to that as calling for a conclusion of the witness.

The Court: Did he get it in response to something?

Mr. Lucas: I am going to tie it into one of these letters right here.

The Court: He may answer.

The Witness: Yes, I did receive this from Mr. Danziger with a letter in it.

Q. By Mr. Lucas: Now, directing your attention to the letter which is a part of Government's Exhibit 105, being a letter dated July 1st, or first of July, Park Lane [807] Hotel, I will ask you if that is the letter which was enclosed in this envelope.

A. Yes, this is the envelope that I received that in.

(Testimony of Willard Eugene Warren.)

Mr. Lucas: I ask now that the envelope be made a part of Exhibit 105 in evidence.

The Court: Admitted.

(The envelope referred to was made a part of Government's Exhibit No. 105, and was received in evidence.)

Q. By Mr. Lucas: Mr. Carter, a moment ago in your testimony you said you had made some sales to Mrs. Parsons while Mr. Danziger was in England, and you mentioned a thousand dollar sale and a \$4000.00 sale.

Mr. Lucas: I show counsel two checks and ask you to examine them before I offer them to the witness.

Mr. Rose: Your Honor, I would like this record cleared up here now in connection with one matter, anyhow. At the time of his arraignment for plea, at which time he entered a plea of not guilty, he was asked, as the records will reflect, his true name, whether his true name was "Carter," and he responded that it was. Now, at the time he was called to the stand here he volunteered, after being sworn, that his true name is Willard Eugene Warren, and counsel out of a multitude of names that this witness resorted to, on his own motion prefers to identify him as Mr. Carter in this record. Now, I know your Honor isn't [808] confused, neither am I, and I am sure interrogating counsel for the government is not confused about this matter; but I don't know why he should elect, your Honor, to refer to him as Carter, when he has un-

(Testimony of Willard Eugene Warren.)

der oath said that his true name is Willard Eugene Warren; and I think he might as well call him by some of these other names. Why select "Carter?"

The Court: I wouldn't know.

Mr. Rose: I think the record should be clarified that counsel in addressing this witness address this witness as "Mr. Warren." At least we have that part under oath that that is his true name.

I take it you are about to show these two exhibits to the witness?

Mr. Lucas: If you are through examining them, that is my intention, Mr. Rose.

Mr. Rose: I will make a note as to the date; February 25, 1937, and March 27, 1937, all right.

Q. By Mr. Lucas: I show you, Mr. Carter, after having first shown to counsel, a check dated February 25, 1937, drawn on the Miners National Bank, Pottsville, Pennsylvania, Pay to the order of W. E. Edwards \$1000.00, signed Elizabeth Parsons, and ask if that is one of the checks which you referred to awhile ago.

Mr. Rose: Now, just a minute. I respectfully submit that it is wholly immaterial, because the check on [809] its face shows that it is made to one W. E. Edwards, who collected the proceeds of said check, and it is a transaction, manifestly, that occurred while Mr. Danziger was in England, and is wholly irrelevant and immaterial and not binding on the defendant.

Mr. Lucas: We offer it in corroboration of the

(Testimony of Willard Eugene Warren.)

witness' testimony that he did have these transactions with Mrs. Parsons, and the check is further proof——

Mr. Rose: Then, you have a charge against this witness, but it isn't contended that these proceeds came into the hands of any defendant now on trial. It is not a transaction referred to in the indictment, and we do not seek to be obligated or bound by the hearsay and out of the presence transactions of this witness.

Mr. Lucas: If I may proceed, your Honor. The witness testified that while Mr. Danziger was in England, that he made two or three sales, communicated that fact to Mr. Danziger in England, and we have in evidence already Mr. Danziger's letter in which he recognized the Parsons deal and was interested in it, and the witness has already testified as to these two transactions, one for a thousand dollars and one for \$4000.00, and this is corroborative proof of the witness' testimony. He testified that they were not cleared through the Wake Development Company, but that he cashed the checks and remitted the proceeds to Los Angeles. So, therefore, they are just in corroboration of [810] the oral statements of the witness, and part of the scheme that we have alleged that was concocted by these two defendants.

Mr. Rose: I have heard this resort to the use of "scheme" that he has alleged, I have heard that frequently here. If your Honor will inspect these checks that are now being inquired about, your Honor will observe that these are checks that were

(Testimony of Willard Eugene Warren.)

made out to one W. E. Edwards, and endorsed by one W. E. Edwards, when Mr. Danziger was in England. Counsel is apparently building up his own straw men. He says he is offering this as corroborative of what? Corroborative of any alleged transaction in which the defendants on trial participated? No. Is it one of the transactions involved in this indictment? No.

The Court: What do you say about that?

Mr. Lucas: Counsel——

Mr. Rose: In other words, he wants to bind us by these straw men. This witness says he wrote a letter to Parsons——

The Court: What do you say about that statement?

Mr. Lucas: The witness says he collected these checks and remitted the proceeds thereof to Wake Development Company.

Mr. Rose: That is, he sent \$4000.00 and \$1000.00 to Wake Development Company?

Mr. Lucas: No. [811]

Mr. Rose: Why do you say he collected these and remitted the proceeds? That is not true. That is not even the witness' testimony.

Mr. Lucas: The proceeds of those checks that Wake was entitled to under the scheme, that is, one-third I take it, of those checks was remitted, and it is shown in the correspondence of Mr. Danziger with the witness that the Parsons deal was known to him and that he as president will be very glad

(Testimony of Willard Eugene Warren.)
to cooperate in making a further touch on her when Danziger gets back.

Mr. Rose: I think the argument of the case can be left to the conclusion of the case. So far as I am concerned, these transactions, your Honor, in the form of this documentary material in these checks, cannot possibly be competent or binding on us.

The Court: They are admitted.

Mr. Rose: May an exception be allowed?

The Court: Exception is allowed.

The Clerk: 106.

(The documents referred to were marked as Government's Exhibit No. 106, and were received in evidence.)

Q. By Mr. Lucas: How long did Mr. Danziger remain in New York after he returned from England? I mean to the best of your recollection.

A. I can't tell you that specifically. It is a little vague in my mind. I would say a couple of weeks or thereabouts, if I was to hazard a guess.

Q. Do you recall substantially the time he returned? A. No, I don't.

Q. The date of some of the exhibits here would indicate that he returned some time in July of 1937.

A. Do you mean that he returned from England?

Q. Yes.

A. Oh, yes, he returned from England in July. I thought you meant returned to Los Angeles.

(Testimony of Willard Eugene Warren.)

Q. What time in July did he return from England?

A. Well, it was around the middle of July, to the best of my recollection.

Q. All right. I just wanted that fixed. While he was in New York and before he returned to Los Angeles did you have any conversation with him with respect to your own affairs?

A. Yes, I talked a good deal about my affairs, especially about my indictment and conviction in the conspiracy charge in Chicago, along with other defendants that were tried with me, and others that were not tried.

Q. What did you say to him and what did he say to you with respect to that?

A. He told me——

Mr. Rose: Just a moment. I object to it as wholly irrelevant and immaterial, and not pertaining or relating to any matter in issue here.

The Court: You may answer. [813]

Mr. Rose: May an exception be noted?

The Court: Exception.

The Witness: He told me he thought it was a darn shame that I had to have the trouble that I had out there. I told him at the time that I thought that I hadn't obtained the best representation in the case, and that now I had the matter up on appeal, and I showed him one of my briefs that I had on appeal.

Mr. Lucas: I show you, counsel, a brief——

Mr. Rose: Now, are we going to try the merits

(Testimony of Willard Eugene Warren.)

of the brief or whether counsel was adequately representing him? Now, your Honor, this has reached the proportions of absurdity. Now, we are going into collateral matters as to whether his conviction was properly had in Illinois, whether he had proper representation, and whether his brief was meritorious and whether the court accurately affirmed. Now, your Honor, that is purely irrelevant and immaterial to this issue. We have enough red herrings in this case in the form of many documents about which little has been offered except that they came into the possession of someone, and we have got them in here now, and now we are going to talk about a brief, an argument for plaintiffs in error, in the Supreme Court of Illinois. I submit, your Honor, it is wholly immaterial.

Mr. Lucas: Your Honor, counsel anticipates me.

Mr. Rose: You are going to show him this brief and [814] ask him if he showed it to Mr. Danziger; and I say it is immaterial.

Mr. Lucas: We are not going into the merits of the case. Testimony has been read into the record, Mr. Danziger's testimony, in which he said he saw the brief; I merely want to identify and introduce the brief. I am not going—

The Court: We don't need it.

Mr. Lucas: I think it is admissible, and I would like to have it in the record.

The Court: No. Somebody might have to pay for transcribing it, perhaps.

(Testimony of Willard Eugene Warren.)

Q. By Mr. Lucas: Mr. Carter, do you remember a woman by the name of Florence Lawyer?

A. Yes, I do.

Q. Did you ever call upon her?

A. Yes, I did.

Q. Do you remember her address or where it was she lived?

A. I think she lived on Odell Avenue in Yonkers.

Q. Do you remember approximately the time that you talked with her?

A. No, I don't remember the specific time. If I saw anything that pertained to the——

Q. Did you have a business transaction with her?

A. I participated in a transaction with her with [815] the Wake Development Company.

Q. Just tell us when you saw her, to the best of your recollection, and what you said to her and what business transaction you had.

A. Well, she was a stockholder in the Golden Quebec Mines Limited, and I called on her at her home and told her——

Mr. Rose: Just a minute. I am going to object to that on the ground it is hearsay.

The Court: When is the alleged date of this transaction?

Mr. Lucas: Part of the allegations of the indictment, your Honor.

The Court: Go ahead.

The Witness: I called at her——

(Testimony of Willard Eugene Warren.)

Mr. Rose: Your Honor has overruled the objection?

The Court: Correct.

Mr. Rose: May an exception be noted?

The Court: Exception.

The Witness: I called at her home in Yonkers and told her that I represented a Canadian concern, to the best of my recollection, and that I understood that as a stockholder of the Golden Quebec Mines Company she had exchanged the shares of the Golden Quebec into the Trinidad International Petroleum Company, who had made an offer to the Golden Quebec stockholders to exchange such shares. She told me, "Why, no, I haven't done anything like that." She said, "This [816] is the first I ever knew about it."

I said, "Well, that's surprising. I thought the Trinidad International Petroleum Company had made all the Golden Quebec stockholders aware of the fact that they would trade in the shares for Trinidad International Petroleum."

I proceeded to tell her a story about the Golden Quebec Mines Company going into receivership, and that the stockholders of the Golden Quebec Mines Company would probably or had received a certain right to exchange their shares, because a group of men that were interested in the Trinidad International Petroleum Company were interested in purchasing the properties that they owned in Canada. She said, well, she hadn't heard anything about it. I told her that the value of the stock was

(Testimony of Willard Eugene Warren.)

\$5.00, its par value, and the notes could be sold around \$4.80, which was equivalent to the par value of the pound sterling at that time; and that as a representative of the Sterling Securities Company in Toronto, I would like to buy the notes if she had them, but as long as she did not have them, well, the only thing I could suggest to her was to write to the Wake Development Company in Los Angeles and find out why they had never exchanged the notes—or the Golden Quebec Mines stock.

Mr. Rose: Just a second. What was the name of the representative of Sterling and what? [817]

The Witness: Sterling Securities Company.

Q. By Mr. Lucas: Proceed, Mr. Carter.

A. She told me that she certainly would do that by all means, and she thanked me very much for calling on her.

I am not positive, but I believe I used the name of Roberts.

Mr. Rose: I move that be stricken, your Honor.

The Witness (Continuing): My memory is a little vague. I used a good many names, and I haven't looked at any of the correspondence in the matter, and I haven't refreshed my mind at all; I am just trying to remember.

Q. By Mr. Lucas: All right. Go ahead. Did you see her again?

Mr. Rose: Just a moment. I addressed a motion to the Court.

The Court: Motion denied.

Q. By Mr. Lucas: Proceed, Mr. Carter.

(Testimony of Willard Eugene Warren.)

A. That was the only visit, to the best of my recollection, that I had with Mrs. Lawyer. However, I did telephone her three or four times afterwards at New York City.

Q. Can you recall anything you said to her or that she said to you?

A. When I came back——

Mr. Rose: Just a second. I am objecting to that on the ground that no foundation is laid, it is irrelevant and [818] immaterial, and it calls for hearsay.

The Court: He may answer.

Mr. Rose: As to foundation, I wish to point out to the court that the foundation is even lacking in the fact that he even knew who he was talking to on the other end of the 'phone.

The Court: He may answer.

Mr. Rose: May an exception be noted?

The Court: Exception.

The Witness: When I came back to New York, after my talk with Mrs. Lawyer, I wrote to the Wake Development Company in California and advised them that I had just contacted Mrs. Lawyer, and that they might receive an inquiry from her, and to send the regular offer that we had set up as a regular stipulated offer to Golden Quebec Mines stockholders, in the event they did get an inquiry from Mrs. Lawyer.

Then I waited about six or seven days or so, a length of time I thought an air mail letter would go back and forth from California, and I called

(Testimony of Willard Eugene Warren.)

Mrs. Lawyer and asked her if she had heard. She said she had—no, she told me on the first call that she hadn't received any reply from them as yet. I think this was about five or six days after I called her, and I said, "Well, that's funny, I wouldn't let it drag along too long. If you don't hear from them, I would be insistent and write again." [819]

Then I received a letter from the Wake Development Company in which they sent me a copy of a letter that Mrs. Lawyer had sent them. To the best of my recollection Mrs. Lawyer went on to state that somebody had called on her from the Sterling Securities Company in Canada and stated that they wanted to buy her notes, and so forth, and she wanted to know why they had never issued the stock, and she wanted them to do something about it.

When I read the letter, I realized——

Mr. Rose: Just a moment. I think you ought to take the witness in hand; he is about to tell us what was going on in his mind there.

The Witness (Continuing): I immediately wrote back to Mr. Danziger and stated that under no circumstances should he make an offer to exchange her stock for her under the conditions of her letter, and I suggested that Mr. Danziger write her and tell her that he had had similar inquiries from other people about people offering them higher prices for the stock, and that he had no part of it, and therefore he could not make the exchange on

(Testimony of Willard Eugene Warren.)

the basis which she offered, and did not desire to do so.

I don't remember all of the letter, but I suggested certain things in the letter, partly which later I found Mr. Danziger had sent, because he sent me a copy of the letter which he wrote her, and then I called the woman again and she told me that she received a letter from them, [820] and they frankly told her they weren't going to do it, and what was it all about. And I said, "I can't understand why they would do that." I said, "Probably"—I said, "Have you got a copy of the letter you wrote them?"

And she said, "Yes, I have a kept a copy." She said, "I copy everything down."

I said, "Would you mind reading it to me over the telephone?" And she did.

And I said, "That is the reason. You started to talk about outside brokers purchasing the stock, and so forth, and that is one of the things that they don't want. You better write back and tell them that you accept it as a speculation, not with the stipulation as to some future performance or profit that would be performed in the future, or some expectation you had for selling the stock," and so forth. And she said, "All right."

Well, I again received a letter from Los Angeles, which the woman was a little milder—the woman stated practically the same thing, again, in a little different way, and I again wrote back air mail to Mr. Danziger and said that under no cir-

(Testimony of Willard Eugene Warren.)

cumstances should he accept her exchange under the conditions she wanted to make it, because it would appear to be binding on Mr. Danziger, and I was looking out for his interest as well as my own, not having anything in evidence of that sort. To the best of my knowledge, this interchange of letters took place three or [821] four times, and each time I received a copy from Mr. Danziger, and each time I told him he shouldn't accept the sale. Finally the woman did write to Mr. Danziger, she told me over the 'phone, I proceeded to call her several times during the course of this thing, she did write a letter, finally, stating she would accept the exchange strictly on the speculative merits of the deal without any conditions to bind them, and so forth. And at the time I received that letter from Mr. Danziger, I said, "As long as you have this in evidence, you can accept the sale."

Q. By Mr. Lucas: All right. I show you, after having first shown to counsel——

Mr. Rose: Is there another one of these?

Mr. Lucas: Perhaps a copy of this may be in the Lawyer file.

Mr. Rose: That is my offhand impression.

Q. By Mr. Lucas: I show you, after having first shown to counsel, a letter under date of November 13, 1939, and ask you if you have seen that before and from whom you received it? Did you receive it, and from whom, Mr. Carter?

(Testimony of Willard Eugene Warren.)

A. I received this from Mr. Danziger, the Wake Development Company.

Q. On the letter there on the bottom is handwriting; are you familiar with the handwriting?

A. Yes, that is Mr. Danizger's, the words "original clear," pointing to the last paragraph. [822]

Mr. Lucas: I offer this in evidence and ask that it be made a part of—Exhibit 50, is it, Mr. Mainland?

The Clerk: 56.

Mr. Mainland: 56.

Mr. Rose: You haven't cleared up the matter of that obliteration.

Mr. Lucas: I am sorry, Mr. Rose, thank you.

Q. By Mr. Lucas: There is a section cut out of the letter immediately below the date, and above the writing "Yonkers, New York"; did you cut that out? A. Yes.

Q. What was cut out?

A. That was Florence Lawyer, Odell Avenue, I think.

Mr. Lucas: I offer this in evidence and ask that it be made a part of Exhibit 56.

The Court: Admitted.

(The document referred to was received in evidence and made a part of Government's Exhibit 56, in evidence.)

Q. By Mr. Lucas: Do you know of any other person who contacted Mrs. Lawyer?

A. Yes, I think that about a year after the previous sale was made, after this first sale was made,

(Testimony of Willard Eugene Warren.)

that I discussed here previously, that I sent Mr. Callahan up to see her.

Q. I see. Briefly, did any sale result from it?

A. No, no sale resulted from it. [823]

Q. Did you meet man by the name of Harry F. Pitts? A. Yes, I did.

Q. Do you remember his address?

A. Well, it is up in New York, either Kingston or Newburgh. My recollection is just a little vague about the town.

Q. Either Kingston or Newburgh?

A. Yes, either Kingston or Newburgh, one of those towns up there.

Q. Do you remember approximately when you met Mr. Pitts?

A. The date is very vague, but I remember the man very well because he was in the optical business, eye doctor.

Q. Do you remember meeting him and talking to him? A. Yes, I do.

Q. Can you tell us what was said between you?

Mr. Rose: I object to it on the ground that no proper foundation has been laid, and it calls for hearsay.

The Witness: Well, I called——

Mr. Rose: Just a moment.

Mr. Lucas: Let's have a ruling on it, first.

The Court: He may answer.

Mr. Rose: May an exception be noted?

The Court: Exception.

The Witness: I called on him in the evening,

(Testimony of Willard Eugene Warren.)

around 5:00 o'clock I called at his office, and I was told that he was out by his girl, but that he was going to be back [824] in his office that evening, and that if I returned around 7:00 o'clock that he would be there.

He came back and I told him that I represented some Canadian interests, I don't remember who I said I represented. I asked him pretty much the same thing as I asked——

Mr. Rose: I move that be stricken as a conclusion of the witness.

Mr. Lucas: I will stipulate it may be stricken.

The Court: Stricken.

The Witness (Continuing): I asked him if he had received any offer from the Trinidad International Petroleum Company to exchange his Golden Quebec stock for stock and notes in the Trinidad Petroleum Company. I told him I represented some Canadian interests that were interested in buying the notes of that company, and we were bidding \$4.80 for the notes, and that the stock had a market of around \$5.00, and that the rate of exchange that had been offered to them by the Wake Development Company and the Trinidad International Petroleum Company in California would, naturally, represent him a profit at those figures, and therefore I thought that he might be willing to sell if he had made the exchange. And he told me, "No, I haven't made any exchange. I didn't know anything about it until now."

And I said, "Well, it looks like you have been

(Testimony of Willard Eugene Warren.)

asleep at the switch, you better get busy and write to them [825] and find out just what kind of an agreement they will go into with you, and if it is still on the basis that it was made originally, we might be able to do some business together."

And he said, "Well, that is awfully nice of you to tell me that." He said, "I will certainly write them right away and find out all about it." And he was a very sociable type of fellow, I remember him especially well because he took me in the back and bought me a drink, of his office, and then he and I left together and he drove me down the street; and I remember him especially because he told me there was a full moon out that night, and that was an omen of good luck, and he must have thought I was the good luck omen that came to tell him about this deal. That is why I remember Pitts very well. That is all there was to Pitts' deal.

Later on I went to New York and received a letter that he had written in about stock, and I wrote to Wake Development Company and told them to send the regular form letter that we had agreed upon, to make him the regular offer. Later I heard he had sent in a check for the amount of shares he had; the amount of the shares I can't remember, but they were sent, and I was later sent my commission on the sale.

Mr. Lucas: I show you, counsel, the letter that I am about to show the witness. [826]

Mr. Rose: All right.

(Testimony of Willard Eugene Warren.)

Q. By Mr. Lucas: I show you, Mr. Carter, after having first shown it to counsel, a letter on the letterhead of Wake Development Company, dated January 9, 1939, and ask you if you recognize the signature assigned to the letter.

The Court: You ought to have him look these things over before he comes in. It is taking too much time.

Mr. Lucas: I asked him a simple question, your Honor.

Q. By Mr. Lucas: Just answer the question, Mr. Carter, do you recognize the signature?

A. Yes, I recognize the signature as Alda Faulkner.

Q. There are certain penciled memoranda on the bottom of that letter, I think perhaps words, I know figures——

A. Yes.

Q. ——do you recall or know anything about those figures?

A. That is evidently my own handwriting; but I was trying to figure out how it go on there.

Q. All right. Do you recognize it as your own handwriting?

A. Yes, I do.

Q. And do you not now have any recollection of how it got on there?

A. No, I don't.

Mr. Lucas: I offer this as government's exhibit in evidence, and ask that it be made a part of Government's [827] Exhibit No. 58.

Mr. Rose: We object to it on the ground that it affirmatively appears that certain notations in the handwriting of this witness were put on there

(Testimony of Willard Eugene Warren.)
in undisclosed circumstances, and it, manifestly, is incompetent on that ground, in addition to the other grounds that I interjected to the copy of that letter.

The Court: Admitted.

(The document referred to was received in evidence and made a part of Government's Exhibit No. 58, in evidence.)

By Mr. Lucas: I show three more letter to counsel before showing it to the witness. I will say copies of the letters just received in evidence and carbon copies of the ones I have just shown to counsel are already in that exhibit, but I am offering the originals.

Mr. Rose: You are trying to offer it through this witness, is that it?

Mr. Lucas: That is the general idea, Mr. Rose. I was going to interrogate the witness as to the signature.

Mr. Rose: I see. You have got him as a handwriting expert now. Go ahead, and I will make my objection at the proper time.

Q. By Mr. Lucas: I show you a letter, Mr. Carter, on the letterhead of Wake Development Company, and ask you if you recognize the signature assigned to the letter? [828]

Mr. Rose: I call your attention to the fact, counsel that his Honor suggested that you might resort to this business of qualifying him as a handwriting expert when court is not in session.

(Testimony of Willard Eugene Warren.)

The Witness: Well, it appears to be Alda Faulkner's, to the best of my knowledge.

Q. By Mr. Lucas: On the bottom of this letter there is some pen and ink writing; do you recognize the handwriting there? If you don't, just please say so, Mr. Carter.

A. No, I don't recognize it offhand.

Q. Very well.

Mr. Lucas: I offer this letter——

The Court: Are they letters that he received?

Mr. Lucas: No, they are not letters that he received, your Honor; they do not come from him at all. I could probably cover it by stipulation, but while I had him on the stand——

The Court: Who are they addressed to?

Mr. Lucas: To the man Pitts about whom he has been testifying.

The Court: Where did you get the letters?

Mr. Lucas: From Mr. Pitts in the course of the investigation.

The Court: They are on Wake Development Company——

Mr. Lucas: They are all on Wake Development Company, and each of them, we contend, contains the signature of [829] Alda Faulkner, and on this one there was just some writing, and I thought he would know something about it and evidently he does not.

I offer all four of the letters, and ask that they be made a part of Government's Exhibit 58.

The Court: Copies are in?

(Testimony of Willard Eugene Warren.)

Mr. Lucas: I am quite sure carbon copies of each are in; but these are the originals, and I want them in for that purpose.

Mr. Rose: In the interest of speeding things up a bit, your Honor, here is the situation: There has been frequent resort to this particular mode of introduction of communications from the Wake Development Company. First, the manifest carbon copies of these originals that came into the possession of Mr. Mainland or some of his associates, from the addressees, that is, the carbon copies, have been introduced and received by your Honor without exception, as I can recall, over certain stated objections. Now counsel supplements that by offering a duplicate communication, in part, in the form of the originals. May it be deemed, your Honor, that the objections interposed to the carbon copies may likewise be assumed as having been made to the duplicate of said document?

The Court: So understood. They are admitted.

The Clerk: As part of Exhibit 58?

Mr. Lucas: Let the record show that envelopes [830] accompany each of the letters.

Q. By Mr. Lucas: Now, Mr. Carter, do you remember a man by the name of F. A. Russell?

A. Yes, I do.

Q. Do you remember meeting him?

A. Yes, I do. The town is Leominster, I think, Massachusetts.

Q. Do you recall approximately the time you met him?

(Testimony of Willard Eugene Warren.)

A. No, I can't remember that.

Q. Do you recall the circumstances of meeting him and any conversation with him?

A. I think it was in 1939, although I am not sure, '38 or '39; the latter part of '38 or '39. I remember having his name and calling at his house. I told him that I understood——

Q. Who was present, now?

A. I beg your pardon?

Q. You better tell us who was present, first.

A. Mr. Russell and his wife.

Q. All right.

Mr. Rose: Now, you are asking for the conversation?

Mr. Lucas: Exactly.

Mr. Rose: To which we object on the ground that no proper foundation has been laid. It is hearsay and incompetent.

The Court: He may answer. [831]

Mr. Rose: May an exception be noted?

The Court: Exception.

The Witness: While I was in Canada I had obtained some names of South McKenzie Island Mines, I think that is the correct name.

Q. By Mr. Lucas: Stockholders, you mean?

A. Stockholders, that's right, that were supposed to own that stock. Mr. Russell was on the list. I went into Mr. Russell's house and interviewed he and his wife in their living room. I told him that I understood that he owned some Trinidad International Petroleum notes, preferen-

(Testimony of Willard Eugene Warren.)

tial profit-sharing notes, and that I represented those Canadian interests, we were interested in acquiring those notes and were willing to pay around \$4.80, which was then the exchange rate for the pound sterling.

I asked him if he had any substantial amount of the notes, that I was interested in picking them up right away for the connection that I had. And he said, "Why, no, you must have it wrong."

And I said, "You are stockholder in the South McKenzie Island Mines Company, aren't you?"

And he said, "Yes, I have a lot of that."

Well, I said, "How many shares do you have?" I think he mentioned he had quite a number of shares, 10,000 or 15,000 shares. And I said, "Well, evidently you have been left out in the rain, because you could have exchanged [832] those shares of stock for the Trinidad International Petroleum stock and notes, and besides having a certain number of shares of the Trinidad International Petroleum Company, which would be extremely valuable, you would also have the notes which you could sell to me now."

He said, "Well, that is certainly news to me." He said, "How will I find out about this proposition?"

I proceeded to give him the name of the Wake Development Company who was the fiscal agent, as I understood it, the fiscal agent for the exchange, and I said if he proceeded to write to them he might be able to get some results.

He said, "Have you any suggested form that I should write to them?"

(Testimony of Willard Eugene Warren.)

And I said, "No, I think you ought to be very specific." I said, "I think you ought to go right to bat on the thing." I said, "Instead of you writing out there direct and asking for an inquiry, I think you ought to make a proffer of a check along with your stock and insist that they exchange it. Tell that you know it can be exchanged."

Well, the amount of money that the transaction was supposed to involve was around \$3500.00, to the best of my recollection."

Q. What do you mean by that expression, "the amount of money——

A. Well, the arrangement for the exchange of stock [833] as I had worked it out at that time would call for the shares of stock which he owned in the South McKenzie Mines plus \$3500.00 in cash.

I can't remember exactly what the arrangement was, but he said, "Well, I wouldn't want to send them \$3500.00 before I know that they would accept it." He said, "Don't you think it is better that I write them first and find out whether they will accept it?"

I said, "Well, I think that is a little weak." I said, "I tell you what you do. You make out a check for, say, 10 percent, make a bona fide offer," I said, "so you will have something concrete, then they will either have to turn it down or return it to you." I said, "That will get you quick action."

So he said, "Well, that's a good idea, I think that is just what I will do, I will write out a check for

(Testimony of Willard Eugene Warren.)

\$350.00 and I will send it right out there. Who will I make it payable to?"

And I said, "I imagine you should make it payable to the Wake Development Company, because they are the fiscal agents in the transfer office for the stock."

So he said he would do it. I remember it was a rainy night, and I had my umbrella, and I had taken my rubbers off, and I said, "I think I will be leaving."

Q. In this first conversation, did you say anything to Mr. Russell about Trinidad International Petroleum? [834]

Mr. Rose: I object to that as leading and suggestive, your Honor. The witness has been, over objection, permitted to relate a conversation.

The Court: He may answer.

The Witness: Yes, I told him about the Trinidad International Petroleum Company, as I usually did everyone. I told him that this was——

Mr. Rose: Just a moment. I move that——

Mr. Lucas: I will stipulate that expression "as I usually do everyone" may be stricken.

The Court: Stricken.

The Witness (Continuing): I told him the Trinidad International Petroleum Limited was headed by a group of men who had been formerly associated with Mr. E. L. Doheny in the enterprises of the Pan American Petroleum and Transport Company and Mexican Petroleum Company; that they had made large sums of money while associated with those

(Testimony of Willard Eugene Warren.)

enterprises; that during the time they had been with them they had acquired a group of properties in the British West Indies, namely, Trinidad, Port-au-Spain; that these properties had been put into the company, put into the Trinidad International Petroleum Company, after the properties that E. L. Doheny formerly controlled, namely, the Pan American Petroleum and Transport Company and Mexican Petroleum Company had been merged into the Standard Oil of Indiana—I think it was the Standard Oil of Indiana or New Jersey, if my memory doesn't fail me, I think it is Standard Oil [835] of Indiana—and that now these men were expecting to do the same thing with the Trinidad International Petroleum that they had done with the Mexican Petroleum; that the Mexican Petroleum stock had sold as high as \$400.00 a share on the stock exchange, and that the stock and notes of this company was traded both here in the Canadian markets and in London at around their par value, which was around \$5.00 for the stock and \$5.00 for the notes. That is about the extent of the story as I told it.

I usually had a paper with me that showed——

Mr. Rose: Just a moment.

The Witness: I had a paper with me——

Mr. Rose: Just a moment. The witness started to say “usually”; now he said he did have a paper. If he did, we want to see the paper if we are going to have any testimony about it.

Q. By Mr. Lucas: Did you have a paper with you?
A. Yes, I usually had one of the——

(Testimony of Willard Eugene Warren.)

Q. Not what you usually had. Bearing in mind—— A. I understand.

Q. ——the deal itself and the talk, did you then have a paper with you?

A. Yes, I had a paper with me at the time, and it was an English paper that I had for quite some time, and I showed him the various stocks and told him that this group was traded among that group, but I didn't designate which one, [836] because I usually did that very quickly and just showed it as a flash, and then put it away.

Mr. Rose: Just a minute. Let me have that answer. Part of it I would like to stay in and the rest of it not.

(The answer was read.)

Mr. Rose: Starting with "because" I move that it go out.

Mr. Lucas: And what follows that "because"?

Mr. Rose: Yes; that is just the reason he gives.

Mr. Lucas: I will stipulate that those words after "because" may be stricken.

The Court: Stricken.

Q. By Mr. Lucas: Thereafter did you communicate with the Wake Development Company in Los Angeles?

A. Yes, I did; I wrote them right away after leaving, within the course of a day or so, and told them to expect a letter with a check in it from Mr. Russell for \$350.00. I stated in my notation to the Wake Development Company or Mr. Danziger, if he was there at the time, I stated in my letter that

(Testimony of Willard Eugene Warren.)

this was 10 percent of the amount that they could expect to get after they signified their intention of making the exchange; that the \$350.00 was only a 10 percent deposit on a \$3500.00 transaction.

In that letter that I sent to them I outlined the number of shares, how much credit they would receive for the shares and how many stocks and notes that I had worked [837] out that the man would get.

Q. By Mr. Lucas: All right. Now, you have been using the name South McKenzie Island Mines in this transaction with Mr. Russell; had you prior to this time mentioned that company to Mr. Danziger?

A. No, I can't say that I did, I can't recollect that I did, although I may have.

Mr. Rose: I move thatt he latter part be stricken.

The Court: Motion denied.

Mr. Rose: May an exception be noted?

The Court: It may be stricken.

Mr. Lucas: All right.

Q. By Mr. Lucas: Thereafter did you talk with Mr. Russell again, after this first visit?

A. No. Yes, I did. I put in a long distance telephone call from New York and talked to him. That was sometime after I had received notification from the Wake Development Company that they had received a check for \$350.00. As a matter of fact, I received a telegram about the transaction. I believe the telegram was sent to me at the Willard Hotel in New York on 76th Street.

(Testimony of Willard Eugene Warren.)

Q. By Mr. Lucas: Go ahead. Don't let me interrupt you, Mr. Carter.

A. I received a notification that the check had been received and been placed in for collection. Later I received a telegram that they had received another telegram [838] from Mr. Russell telling them to cancel the deal.

Q. Now, I show you Government's Exhibit 57, in evidence, and refer you thereto to what is marked "copy of Western Union telegram," it is dated December 2nd, 1938, addressed to George Carleton, Hotel Willard, 76th Street and West End Avenue, New York; is that the telegram you have been referring to as having received?

A. That is one of them.

Q. And were you in this Russell transaction using the name Carlton?

A. That I can't answer. I used the name Carlton at the Willard Hotel, but I don't believe I used the name Carlton in carrying on my business with Mr. Russell.

Q. All right. Go right ahead.

A. I later received—after I had received this telegram advising me—at the Willard Hotel—as stated here, a copy of which is laid before me here, "Decided not interested in transfer of stock. Kindly return check as per letter. Unquote. Advise," I called Mr. Russell on the telephone and I endeavored to find out from him what had made him change his mind. But Mr. Russell acted very suspicious—

(Testimony of Willard Eugene Warren.)

Mr. Rose: I move that be stricken as a conclusion and opinion of the witness.

The Court: It may stand.

The Witness (Continuing): Mr. Russell answered very [839] curtly. He didn't talk to me in the tone of voice, or in the same manner that he had upon the occasion of my first visit. In fact, he had so little to say to me over the 'phone that I had to do nearly—make all the conversation myself, and as a result of my conversation with him——

Mr. Rose: Just a moment. I submit that calls for a conclusion of the witness.

The Court: You may continue.

The Witness (Continuing): After my conversation I wrote a letter to Mr. Danziger stating that I didn't know why he had changed his mind, but evidently something had happened to make him change his mind and, therefore, I would advise him to be guided accordingly, and it probably would be a good idea to issue him stock for the amount of money he paid in on the basis of which the deal had been outlined.

Q. By Mr. Lucas: Did you thereafter have any contact or communication with Mr. Russell?

A. I don't remember. If there were any others I can't remember them. I remember those things that I testified to distinctly.

Q. All right.

The Court: After Mr. Rose checks that file you put it in, we will adjourn for the day.

(Testimony of Willard Eugene Warren.)

Mr. Lucas: That file I just handed Mr. Rose is already in evidence.

The Court: Have you finished with the Russell instance? [840]

Mr. Lucas: Yes, I just checked and I am finished with it.

The Court: We will adjourn for the day.

(Whereupon, at 4:30 o'clock, January 24, 1945, an adjournment was taken until 10:00 o'clock Thursday, January 25, 1945.) [841]

Los Angeles, California,

Thursday, January 25, 1945. 10 A. M.

The Clerk: United States vs. Danziger.

Mr. Lucas: Ready for the government.

WILLARD EUGENE WARREN

(WARREN C. CARTER),

called as a witness by and on behalf of the government, having been first duly sworn, was examined and further testified as follows:

Direct Examination—(Resumed)

By Mr. Lucas:

Q. Now, Mr. Carter, you remember meeting a woman by the name of Adeline B. Skinner?

A. Yes, I do.

(Testimony of Willard Eugene Warren.)

Q. Tell me, to the best of your recollection, when and where you met her.

A. I met her at her residence in New Jersey. I am a little vague about the town at the moment, because I haven't refreshed my memory. I was under the impression it was Farmingdale, but I do remember the woman had two addresses, and I don't remember just exactly whether it was Farmingdale or another town right near it. But my impression was it was Farmingdale.

Q. Do you recall the year you met her?

A. Offhand, I don't.

Q. Do you recall meeting her and having a conversation with her? [843]

A. Yes, I met her for just a short time and spoke to her.

Q. Tell us who was present and what you said to her and what she said to you.

A. Well, I remember calling on her and asking her, telling her that——

Mr. Rose: Just a second. Objected to upon the following grounds, severally, your Honor: First, there is no proper foundation that has been laid; secondly, it is hearsay, that any conversation that this witness had with the person in question would be incompetent and not binding on the defendants now on trial.

The Court: He may answer.

Mr. Rose: May an exception be noted?

The Court: Exception is allowed. Continue.

The Witness: I remember calling on her, it was

(Testimony of Willard Eugene Warren.)

in the summer, I told her I represented some Canadian interests, and as near as my recollection serves me I believe I told her I represented the Sterling Securities Company of Montreal, and I was interested in the purchase of some notes that I understood she owned in the Trinidad International Petroleum Company, and I wanted to know if she desired to sell them. And she said, "I don't have any notes in that company." And I said, "Well, that is very strange. According to the list of names I have, your name appears on it. Were you a stockholder in the Great Eastern Natural Gas Company that [844] was the stock that was traded in for the Trinidad stock?"

And she said, "Oh, yes, I have some Great Eastern Natural Gas stock."

And I asked her how many shares she had. And to the best of my memory, I think it was a hundred shares of stock. And she said, "Well, what would you suggest that I do?"

And I told her, I asked her if she had ever received any mail from the Trinidad company about offering an exchange, and she said, "Well, now, I don't know. I might have received something some time back, but I don't remember of ever doing anything about it." She said, "Well, is this stock any good?"

And I said, "Yes, the Trinidad International Petroleum stock is good, but the Great Eastern Natural Gas stock doesn't have any market; and I think it would be a very good idea if you got in

(Testimony of Willard Eugene Warren.)
touch with these people. You say you have a letter?"

Then she said, "Well, I will look it up."

And I said, "Well, I know where they are located in Los Angeles, California, and they have a fiscal agent by the name of the Wake Development Company. They make all the transfers. Now, if you want the address I will be glad to give it to you. You communicate with them, and then at a later date I will come back and see you."

Then she asked me, "Well, does this stock have any value? Would there be any object in me making the exchange?" [845]

And I said, "There certainly would, because the notes are worth about \$4.80. I would be willing to pay that. The stock is worth around \$5.00 a share. There you would have \$10.00 worth of par value stock, and it would only cost you \$3.00 to make the exchange, plus your old stock, and that would certainly bail you out regardless of what you paid for the Great Eastern stock."

And she said, "Well, that sounds very interesting to me, and I am very pleased to get the information and I shall write to them immediately."

That was about all the conversation that took place. I think at the time I had an English paper with me and I showed her quotations of various Trinidad stocks, oil stocks that were listed, and told her that this stock was traded among those stocks on the English markets. That was about the sum and substance of my conversation, at my first

(Testimony of Willard Eugene Warren.)

and to my recollection my only meeting, although to my recollection there was something that transpired, to my knowledge.

Q. Did you afterwards telephone her?

Mr. Rose: May I have the last answer preceding the last question? We will save time. I was under the impression the witness made some remark that is all he remembered about the thing.

The Witness: After I left Mrs. Skinner's residence I wrote the letter to the Wake Development Company advising them that I had made—— [846]

Mr. Rose: Just a minute. I object to that as not the best evidence.

The Court: You may answer.

The Witness: I wrote a letter to the Wake Development Company and told them that I had made the call on Mrs. Skinner and they might expect an inquiry from her, and to answer her in the regular way as we had agreed previously to do on all inquiries of that type, and to advise me——

Mr. Rose: I move the latter statement be stricken as merely a voluntary statement on the part of the witness and a conclusion.

The Court: Denied.

Mr. Rose: May an exception be noted?

The Court: Exception. What do you mean, you agreed previously?

The Witness: On the calls, your Honor, there had been a prescribed routine laid down between the Wake Development office, Mr. Danziger, Mrs. Faulkner, and myself, which we adhered to a cer-

(Testimony of Willard Eugene Warren.)

tain procedure in regard to all of these calls, and after we had made a certain number of the calls and had worked out the plan we always wrote instructions in a very terse manner, stating, "Give them the regular answer, short form," or "long form," as we used to say. There were, in the beginning, two versions of the type of answers that were to be made. Some of them were short and some were a little longer, and I usually stated which answer they were [847] to give, according to the circumstances of the call, and then it was established—then it was agreed that whenever an inquiry came in they sent me a copy, either the original letter—in the beginning I received a great many original letters, and then as time went on I received copies of the original letters on yellow sheets or second sheets, showing what they had received from the customer and what they had answered the customer, and then I would give any further instructions that I had at that time. That was all done by mail back and forth between New York and Los Angeles, or wherever I happened to be during my travels in making these calls.

Mr. Rose: I move that that statement be stricken on the ground that it is a conclusion.

The Court: The motion is denied.

Mr. Rose: That it is an opinion, that it is hearsay and no proper foundation laid, and not the best evidence.

The Court: Motion denied.

Mr. Rose: May an exception be noted?

(Testimony of Willard Eugene Warren.)

The Court: Exception.

Q. By Mr. Lucas: All right. Now, getting back to the Skinner transaction, did you thereafter communicate with Mrs. Skinner by letter or telephone?

A. Well, no, I didn't, but I sent another salesman over there.

Q. Do you recall the name of the person whom you sent [848] over?

A. Yes, I sent a man named Mike O'Brien. That was after I had received a notification from Los Angeles that there had been no further reply from Mrs. Skinner after they had sent her the letter stating what the proposition was.

Mr. Rose: I move that be stricken as a conclusion of the witness, no proper foundation laid, and not the best evidence.

The Court: Read the answer, please, Mr. Goldstein.

(The answer was read.)

The Court: The motion is denied.

Mr. Rose: May an exception be noted?

The Court: Exception.

The Witness: I remember Mr. O'Brien and I driving up near her residence and his leaving to make the call. It was agreed between Mr. O'Brien and I that he would then represent himself as a representative of the Wake Development Company to see why she had made the inquiry and why she hadn't exercised her right.

The Court: Did she talk about another man?

(Testimony of Willard Eugene Warren.)

Mr. Lucas: Yes.

Mr. Rose: Yes. I move that be stricken.

The Court: Did she talk about another man?

Mr. Lucas: Exactly.

The Court: Your motion?

Mr. Rose: I move to strike the statement on the ground [849] it is hearsay and incompetent.

The Court: Motion denied.

Mr. Rose: Exception noted.

The Court: Exception allowed.

The Witness: Of course, I don't know what Mr. O'Brien said, but I know what he told me after he came out.

Q. By Mr. Lucas: What did Mr. O'Brien relate to you as having occurred?

Mr. Rose: I object to that as hearsay.

The Court: Sustained.

Mr. Lucas: Very well.

Q. By Mr. Lucas: Do you know if Mrs. Skinner purchased any stock or effected any deal with the Wake Development Company?

A. Yes. A week or so after Mr. O'Brien's call I received a notification that they had received a check from Mrs. Skinner, and I also received a copy of a letter which stated—which had been addressed to Mrs. Skinner, stating they had received her check and noted a lacking of endorsement on it and had placed an endorsement on it for her and sent it through in the regular manner for collection.

Q. I show you Government's Exhibits 39, 40

(Testimony of Willard Eugene Warren.)

and 41, and ask you if you have seen any of those before. I mean before you came here in the court room.

The Court: What are Exhibits 39 and 40?

Mr. Lucas: They are letters that were introduced by [850] Mrs. Skinner herself. I don't know that this witness has ever seen them.

Q. By Mr. Lucas: Do you have any recollection of ever having seen these before?

A. I wouldn't have seen these identical letters. I have seen facsimiles of this letter numerous times.

Mr. Rose: I move that be stricken as a conclusion of the witness. Let the record reflect that his answer is that he doesn't recollect seeing the exhibits numbered 39 and 40; that his answer about facsimiles relates to Exhibit 41, which is the Great Eastern Natural Gas Company letter.

The Court: Ask the question again. Strike it, Mr. Reporter.

Q. By Mr. Lucas: Mr. Carter, I show you Government's Exhibits 39, 40 and 41, and ask you if you have ever seen those exhibits before?

A. Not those specific exhibits, no. I have seen carbon copies of two letters there.

The Court: Do you want to move, Mr. Rose?

Mr. Rose: Well, we had an answer to this at first, and now he has changed his answer.

The Court: The question is do you want to move?

Mr. Rose: I move to strike that as a conclusion of the witness.

(Testimony of Willard Eugene Warren.)

The Court: The letters you have just said you have seen copies of are these to Miss Skinner? [851]

The Witness: Yes, I saw carbon copies of the letters to Mrs. Skinner.

The Court: Where did you get those?

The Witness: I received those from Los Angeles.

The Court: The motion is denied.

Mr. Rose: May an exception be noted?

The Court: From Wake Development Company?

The Witness: From the Wake Development Company.

The Court: Exception is allowed.

Q. By Mr. Lucas: Now, Mr. Carter, I show you Government's Exhibit 43 and direct your attention to a letter on the yellow second sheet dated August 18, 1939, and ask you if you have seen a copy of that, or that particular exhibit before? Just that yellow second sheet.

A. Just the yellow sheet?

Q. That is what I am directing your attention to, first.

Mr. Rose: I object to it as leading and suggestive, your Honor; calling for a conclusion of the witness, no proper foundation laid.

The Court: Overruled.

Mr. Rose: May an exception be noted?

The Court: Yes, exception allowed.

The Witness: Yes, I saw a copy of this letter. That is the regular form letter that we always

(Testimony of Willard Eugene Warren.)
sent, and I saw a copy of this because I remember receiving it.

The Court: Who did you receive it from? [852]

The Witness: From the Wake Development Company, Los Angeles.

Q. By Mr. Lucas: I show you a letter, a yellow second sheet, August 23, 1939, addressed to Mrs. Skinner, and ask you whether or not you have seen that or a copy thereof?

A. I don't remember seeing this.

Q. I direct your attention to a carbon copy of a letter on a yellow second sheet dated September 12, 1939, and ask you if you have ever seen that or a copy thereof?

A. Yes, I have seen this. I had a copy of this.

The Court: Where did you get it?

The Witness: I received this from the Wake Development Company in the natural course of business.

Mr. Rose: I move that the latter statement be stricken as a voluntary statement, conclusion and opinion of the witness.

The Court: Denied.

Mr. Rose: May an exception be noted?

The Court: Exception.

Q. My Mr. Lucas: I show you the yellow second sheet with the date line at the bottom dated September blank 1939, the top of which says, "Miss Adeline B. Skinner deposes and says," and ask you if you have ever seen that document or a copy thereof?

(Testimony of Willard Eugene Warren.)

A. Well, I can't be positive of this. I think I did, but I can't be positive. [853]

Q. I show you——

A. I think I received a copy of this at the time I received the other one.

Mr. Rose: I move that statement be stricken as a voluntary conclusion of the witness and merely an opinion.

The Court: Stricken.

Q. By Mr. Lucas: I show you what is apparently the original of the copy which I just showed you, bearing the signature——

A. I never saw that.

Q. All right. I show you now a yellow second sheet under date of September 13, 1939 and ask you if you have ever seen that or a copy thereof?

A. Yes, I did see a copy of this letter.

Q. From whom did you receive it?

A. Wake Development Company.

The Court: Who is it addressed to?

The Witness: Adeline B. Skinner, 6 West Main Street, Farmingdale, New Jersey.

Q. By Mr. Lucas: I direct your attention to the handwriting legend in the lower right hand corner in red pencil, and ask you if you can make out the writing and if you know the handwriting?

A. No, I couldn't identify that handwriting, because——

Mr. Rose: Never mind why.

Q. By Mr. Lucas: You said a while ago there was a [854] business transactions consummated with

(Testimony of Willard Eugene Warren.)

Mrs. Skinner. Did you ever receive any money as a result of that transaction?

A. Yes, I received \$200.00, less wiring charges on it.

Q. Do you recall in what manner the payment was made to you?

A. To the best of my recollection I received a money order by telegraph.

Q. Do you remember a man by the name of E. Barrie Smith?

A. Yes, I remember the name.

Q. Do you recall the circumstances of meeting him?

A. Yes, I remember the circumstances.

Q. And where did he live?

A. To the best of my recollection it was Hartford, Connecticut.

Q. Do you recall approximately the time that you talked with him?

A. I can't give you that, no.

Q. All right. Have you any recollection of what was said between you and Mr. Smith?

A. Yes, I remember the occasion of calling on Mr. Smith at his business office, and——

Mr. Rose: Just a second. I expected a yes or no answer. Objection is had to this proposed or solicited [855] conversation upon the following grounds: One, that no proper foundation has been laid; secondly, it calls for hearsay; thirdly, that it is incompetent; finally, that it is not binding on the defendants.

(Testimony of Willard Eugene Warren.)

The Court: Who is E. Barrie Smith?

Mr. Lucas: He is one of the counts in the indictment, your Honor.

The Court: Objection is overruled.

Mr. Rose: May an exception be noted?

The Court: Exception.

The Witness: I asked E. Barrie Smith if he had any Trinidad preferential profit-sharing notes. He said to me, "Why, no. Why do you ask me that?"

I said, "Well, I had your name on a list here as being a possible owner of the notes of that company, and I represent some Canadian interests who are interested in buying the notes."

And he said, "No, I never heard of it."

I said, "Well, do you own any other Canadian securities, principally Golden Quebec Mines Limited?"

He said, "Yes, come to think about it, I do own some shares in that."

At the time when I made the call, I knew how many shares——

Mr. Rose: I move that be stricken as voluntary and not responsive. [856]

The Court: Denied.

The Witness (Continuing): I knew ahead of time how many shares he had, and my memory doesn't serve me now as to how many it was, but I asked him to tell me how many shares he had, and he answered a certain number of shares, I can't remember how many it was, I don't believe it was

(Testimony of Willard Eugene Warren.)

a very large amount, and he said, "What has that to do with it?" And I said, "You can exchange those shares for Trinidad International Petroleum stock and notes if you will write to the company in Los Angeles and tell them that you own the securities and that you have never been made aware of the rights to exchange it, or any offer ever having been made to you previously."

He said, "Well, why would I get stock in an oil company for gold mining stock?"

And I stated to him that the properties of the Golden Quebec Mines Limited were being sold in a receivership proceedings, and that my understanding was some men interested in oil properties were going into the gold business in Canada and were buying up the properties out of receivership, and because there were certain difficulties between the stockholders and the committees for the receivers, that they had made an arrangement whereby the owners of the Trinidad oil stocks were going to allow them to buy some shares in this company for any equity that they might have had in the old Golden Quebec properties. [857] And he said it was the first he had ever known about it, but he would write out there and see if he couldn't exchange his shares. And that was about all the conversation I had with him, and he said, "Well, will I hear from you again?" And I said, "Yes, I will get in touch with you probably in a couple of weeks and see if you have the notes, and at that time we can do some business."

(Testimony of Willard Eugene Warren.)

Q. By Mr. Lucas: Did you ever thereafter personally call on Mr. Smith again?

A. Not to my recollection.

Q. Did you communicate in any way with the Wake Development Company?

Mr. Rose: Object to that as calling for a conclusion of the witness and not the best evidence.

The Court: Overruled.

The Witness: I did communicate with the Wake Development Company on that call and told them the circumstances of my call, briefly, stating that I had made a call and they would receive an inquiry, and to answer them in the regular form letter that we had arranged previously to answer on all inquiries from stockholders of the Golden Quebec Mines Limited.

Mr. Rose: I move that the answer be stricken on the ground that it incorporates a conclusion and declaration on the part of this witness in the absence of a document and its contents. [858]

The Court: Denied.

Mr. Rose (Continuing): Its inability of production.

The Court: Motion denied.

Mr. Rose: May an exception be noted?

The Court: Exception.

Q. By Mr. Lucas: Now, I show you, Mr. Carter, Government's Exhibit 59, in evidence, calling your attention, in particular to the yellow second sheet dated February 7, 1939, bearing at the bottom thereof letters in red pencil "QKGR", and

(Testimony of Willard Eugene Warren.)

ask you if you have ever seen that carbon copy or a copy thereof?

A. Yes, I remember seeing a copy of this letter before.

Mr. Rose: Just a moment. I want to clear the record up so I will have in mind the form of objection to interject. You have referred to some red writing and made it a part of your question. Did you refer to that red writing as part of the document he assertedly saw? Or did you just mention that to identify the document?

Mr. Lucas: As part of the identity. I don't conclude, myself, from the answer of the witness, that he saw the red writing on this copy, but I will be happy to ask him.

Mr. Rose: Let's clear that up first.

The Witness: I never saw this carbon copy itself before.

Q. By Mr. Lucas: And whatever you have seen——

A. I have had an exact duplicate of that copy in my possession. [859]

Q. Did your copy which you had in your possession contain writing, this writing here, "OKGR"?

A. No, it did not, to the best of my memory.

Mr. Lucas: All right. Does that satisfy——

Mr. Rose: I wanted to clear it up. I had in mind, undoubtedly, you referred to it merely for the purpose of identification, but in view of the witness' former answer to that former red writing,

(Testimony of Willard Eugene Warren.)

I assumed that he did not know, but that is cleared up now.

I move that his answer be stricken on the ground that it is a conclusion of the witness and no foundation has been laid.

The Court: Denied.

Mr. Rose: May an exception be noted?

The Court: Exception.

Q. By Mr. Lucas: I refer you to another carbon copy on a yellow second sheet addressed to E. Barrie Smith dated February 6, 1939, and ask you if you have seen that or a copy thereof.

A. I don't remember seeing this one. I didn't usually receive those.

Mr. Rose: I move the latter statement be stricken as voluntary.

The Court: What was the last part, Mr. Reporter?

(The answer was read.)

The Court: Denied. [860]

Mr. Rose: May an exception be noted?

The Court: Exception.

Q. By Mr. Lucas: I show you a carbon copy of a letter dated January 23rd, 1939, and ask you if you recall ever seeing that or a copy thereof?

A. Yes, I have seen a copy of this. I had a copy of it.

Mr. Rose: I move that be stricken as a conclusion of the witness and not the best evidence.

The Court: Denied.

Mr. Lucas: Now, I offer in evidence, if the

(Testimony of Willard Eugene Warren.)
court please, as a part of Government's Exhibit 59 in evidence, an original check dated January 24, 1939, drawn on the Hartford National Bank and Trust Company, Farmington Avenue Branch, signed "E. Barrie Smith." Also an original letter dated January 10, 1939, addressed to Mr. E. Barrie Smith, and containing the signature "A. Faulkner"; original letter dated January 19, 1939, addressed to E. Barrie Smith, signed "A. Faulkner," carbon copy of which letter is already in evidence and is a part of Government's Exhibit 59; original letter dated January 26, 1939, addressed to E. Barrie Smith, signed "A. Faulkner," carbon copy of which is already in evidence in Exhibit 59; original letter dated February 6, 1939 addressed to E. Barrie Smith, on the letterhead of Wake Development Company, signed "E. Wake", below that signature "Asst. Secretary," a carbon [861] copy of which is already in Government's Exhibit 59; and ask that these documents which I have previously shown to counsel be made a part of Exhibit 59, which contains the correspondence heretofore introduced in evidence, and as a part of the offer I state that these come to me from the Securities and Exchange Commission.

Mr. Rose: That last declaration of counsel, I take it, is immaterial and really doesn't form a part of the offer.

Mr. Lucas: No; by way of explanation only, Mr. Rose.

Mr. Rose: I don't think it has any place in

(Testimony of Willard Eugene Warren.)

the record. I haven't any objection, your Honor, to the check, for the reason that the check appears on its face and on the opposite side, by usual bank stamps and clearing house significations, to show that it was deposited to the credit of the Wake Development Company. But as to the others, that is, the letters identified, I object to them on the ground that no proper foundation has been laid, and they are immaterial.

Mr. Lucas: I am perfectly willing to put Mr. Mainland on the stand and have him testify to his acquisition of them, the manner in which he required them.

The Court: You will have to do it.

Mr. Lucas: Will you step down, Mr. Carter? Take the stand, Mr. Mainland.

(Witness temporarily withdrawn.) [862]

ALLAN G. MAINLAND,

recalled as a witness by and on behalf of the government, having been previously duly sworn, was examined and testified as follows:

Direct Examination

By Mr. Lucas:

Q. I show you the following file about which we have been talking, Mr. Mainland, and I will ask you to explain to the court the manner in which

(Testimony of Allan G. Mainland.)

those documents now in your possession came into your possession.

A. I obtained these direct from E. Barrie Smith by mail, after correspondence with him.

Q. And during the course——

Mr. Rose: I move that be stricken as hearsay.

The Court: Motion denied.

Mr. Rose: May an exception be noted?

The Court: Exception allowed.

Q. By Mr. Lucas: Did you obtain them from Mr. Smith during the course of your investigation as investigating officer for the Securities and Exchange Commission?

A. I did. And when I obtained them there was not on each of them the figure and letter at the lower righthand corner; I put those on for purposes of identification in keying them to a report which I rendered.

The Court: They still are not identified as letters of people whose signatures they bear. [863]

Mr. Lucas: Yes, I recognize that as to the signature. In view of the stipulation heretofore entered into, I will ask you, Mr. Rose, if you are raising any question as to the authenticity of the signature on the exhibits?

Mr. Rose: As to that phase of the particular exhibits in question, I will stipulate that the handwriting of the persons whose signatures appear to have been affixed to each of these documents is the handwriting of that person.

Mr. Lucas: I will accept that stipulation.

(Testimony of Allan G. Mainland.)

Mr. Rose: That is limited, merely to the question of the signature.

Mr. Lucas: Based on the stipulation and the proffered testimony, I ask that they be made a part of Exhibit 59 in evidence.

The Court: Do you want to examine Mr. Mainland, Mr. Rose?

Mr. Rose: No, your Honor. I don't think I can get him to change his testimony in any respect on this subject.

The Court: It is probably a little late.

Have you got in the record what you want, Mr. Rose, before I rule on this offer?

Mr. Rose: I think, your Honor, my objection is in. Hasn't your Honor ruled on that objection?

The Court: No. We were getting this shaped up preliminarily. I recall your objection. There is an objection that hasn't been ruled on. I am overruling the [864] objection and admitting the documents.

Mr. Rose: An exception will be noted.

The Court: Exception.

The Clerk: They are made a part of Exhibit 59.

(The documents referred to were received in evidence and made a part of Government's Exhibit No. 59.)

Mr. Lucas: Resume the stand, Mr. Carter.

(Witness excused.)

WILLARD EUGENE WARREN

(WARREN C. CARTER)

resumed the stand as a witness on behalf of the government, and having been previously duly sworn, was examined and testified further as follows:

Direct Examination (Continued)

By Mr. Lucas:

Q. I ask you if you remember a man by the name of Michael Burns? A. Yes, I do.

Q. Do you recall approximately when you met Mr. Burns? A. I can't recall the date:

Q. Do you know where Mr. Michael Burns lived?

A. I think it is in Peekskill, New York.

Mr. Rose: Let me have the town.

(The answer was read.)

Q. By Mr. Lucas: Do you recall the circumstances of any conversation with Mr. Burns? [865]

A. Yes, I do.

Q. Where did it take place?

A. It took place in his grocery store.

Q. Well, now, will you state what he said to you and what you said to him?

Mr. Rose: To which objection is made on the following ground: One, no proper foundation has been laid; it calls for hearsay, the same is incompetent and not binding on the defendants on trial.

The Court: Objection is overruled.

Mr. Rose: May an exception be noted?

The Court: Exception.

(Testimony of Willard Eugene Warren.)

The Witness: I told him I represented some Canadian interests that were interested in buying his notes of the Trinidad International Petroleum Company. He said to me, "I don't recollect having any notes in a company like that."

I told him he better look over his records and make sure, because his name appeared to be upon a list of stockholders that hadn't exchanged their stock and notes for this company, he surely must have made the exchange. And he said, "Well, now, what stock is that?"

And I said, "The Great Eastern Natural Gas Company. Several years ago they made an offer to exchange the shares of stock for stock and notes in their company, and you must have some record of that."

He told me that he had a vague remembrance of receiving [866] something of that nature sometime back, but for some reason or other he had never taken any action on it. He said, "Is the stock of the Trinidad Company any good?"

I said, "Well, it certainly is, because you can sell the notes for around \$4.80, and that would leave you with the stock that you would get on the exchange, which also has a value of around \$5.00 a share, and the chances are that the stock will show a much greater appreciation in value over a period of time, because it is headed by a former group of the Pan American Petroleum and Transport and Mexican Petroleum crowd, they own all those properties and took them after the Pan American

(Testimony of Willard Eugene Warren.)

Petroleum and Mexican Petroleum were merged into the Standard Oil of Indiana in 1929, headed by a man named Mr. Danziger who is a very big man in the oil business, and all of his former associates in those companies are now associated with him in this new enterprise. The stocks are traded in the London markets."

I had a paper with me and I showed him the quotations of the various Trinidad stocks and told him the Island of Trinidad was now going to furnish most of the oil to the British Empire; that all the stocks there would show a very rapid appreciation, undoubtedly, and this Trinidad stock was to be classed among those.

He said, "Well, what do you suggest that I do?"

I said, "Well, it is pretty hard for me to tell you [867] what to do, but if I were in your position, I think I would immediately dispatch a letter to the Trinidad Company and tell them that you have never received your right to make this exchange, and you would like to make it now. See what they say."

He said, "Will you give me an idea just what about I should write?"

And I said, "Yes, I will be glad to tell you what to write. On second thought, I think you better direct your letter to the Wake Development Company; they seem to be the fiscal agents for everything that is handled by the Trinidad Company, and you will probably get your stock from them. As I understand, they make the transfer and handle all

(Testimony of Willard Eugene Warren.)
the transactions.” So then I outlined a form of letter for him verbally, and he said he would send that letter. And he said, “Will you be back to see me?” And I said, “Yes, I will get in touch with you either by ’phone, or I will come and see you in person when I get this neighborhood. I would attend to the matter right away, I wouldn’t let any grass grow under my feet,” I said to him. That was the end of that.

Q. What did you do after that, if anything?

A. Well, when I left him I wrote a note to the Wake Development Company in Los Angeles, addressed it to Mr. Danziger or Miss Faulkner, I wouldn’t remember that, I just directed it to the Wake, to the company, told them [868] that I had made the call and expected an inquiry from him, and to answer him in the usual manner, to regular form which we had outlined to answer to those inquiries, and to advise me when they received the inquiry.

Q. Now, I show you——

Mr. Rose: Just a second.

Mr. Lucas: Pardon me.

Mr. Rose: I move that the answer be stricken, in addition to the grounds interjected to the conversation, on the ground it is not the best evidence, and it is, in part, voluntary and a conclusion of the witness.

The Court: Motion is denied.

Mr. Rose: May an exception be noted?

The Court: Exception.

(Testimony of Willard Eugene Warren.)

Q. By Mr. Lucas: I show, after having first shown to counsel, a certificate of stock of the Great Eastern Natural Gas Company Incorporated, being Certificate No. 1743 for 100 shares of stock, and I ask you to examine that and tell me if you have ever seen the certificate before?

A. It seems to me I had this certificate in my possession.

Q. And do you recall from whom you received it?

A. Well, I received, to the best of my remembrance, a number of Great Eastern certificates from the Wake Development Company, telling me that they had no use for the particular certificates, and if I had any manner of [869] disposing of them or use for them, I might as well have them; and I believe this was among them.

Mr. Rose: Just a moment. I move that be stricken on the ground it is surmise, conjecture, speculation, no proper foundation laid.

The Court: I consider this preliminary.

The Witness: May I ask you where you received this?

Mr. Lucas: I received it from your counsel, Mr. Ames Peterson.

Q. By Mr. Lucas: I want to direct one further question to you——

Mr. Rose: Just a moment. There is a motion pending here.

Mr. Lucas: The court indicated he considered my questioning preliminary.

(Testimony of Willard Eugene Warren.)

Mr. Rose: I don't consider it preliminary. I may be in error, of course.

The Court: What are you waiting for?

Mr. Rose: A ruling on the motion, your Honor.

The Court: I am not going to rule. I said I consider it preliminary.

Mr. Rose: Pardon me. I didn't hear the exact language.

Q. By Mr. Lucas: I direct your attention to the back of the stock certificate, where, under the words "In presence of" there is a handwritten signature and the [870] words "George Williams," and I ask you to look at that signature and tell me if you signed it.

A. Yes, I did. This also refreshes my memory somewhat more on——

Mr. Rose: Just a second.

The Witness: (Continuing) ——on the call.

Mr. Rose: I think the witness has exhausted his reply to the question against which a motion was addressed.

The Court: Go ahead.

Q. By Mr. Lucas: Go ahead, Mr. Carter.

Mr. Rose: Did your Honor rule on that motion?

The Court: Not yet.

The Witness: I recollect at the time of my call with Mr. Burns now, that he brought out the certificate of the Great Eastern Natural Gas Company and told me that he was going to send it in, along with his inquiry, that he thought that probably by doing that it would make it more definite. I don't

(Testimony of Willard Eugene Warren.)

remember now whether he told me he would send the check along with it at the same time or not, but he was going to make his inquiry and send the certificate in anyhow. Whether he sent the money in at the same time, I don't remember, but I do remember when he brought the certificate out he signed it and he had me witness his signature.

Q. And you then signed your——

A. I signed the name George Williams, the name under which I called on him. [871]

Q. That was the name you used?

A. I used in making the call.

Mr. Lucas: I now offer this certificate in evidence and ask that it be made a part of the Burns file, which is Exhibit 61, your Honor.

Mr. Rose: I will have to add to my objection. At this time, your Honor, I move that the intermittent and several portions of the answer composing the replication to the antecedent question——

The Court: Pardon me. Let me ask a question.

Did this ever get to the Wake Development Company, do you claim, Mr. Lucas?

Mr. Lucas: The testimony of the witness is that he thought he received it back from the Wake Development Company.

The Court: The testimony is too indefinite. I reject the offer.

Mr. Rose: Is his answer stricken?

The Court: No, the exhibit is rejected.

Mr. Rose: How about the—I better renew my motion. I move to strike——

(Testimony of Willard Eugene Warren.)

The Court: Strike all the testimony on the subject.

Mr. Lucas: If the court please, I offer in evidence and ask that it be made a part of Exhibit 61, in evidence——

Mr. Rose: In the interest of time here, I take it you are going to repeat the same situation as arose in connection with that—about three exhibits back? [872]

Mr. Lucas: In connection with the E. Barrie Smith file?

Mr. Rose: Yes. In order to save time, insofar as it appears to me, I will stipulate that Mr. Mainland came into possession of these documents by asking and sending for them to the addressee, like he testified in the other matter, and that the signatures that appear upon these proposed documents are the true signatures affixed thereto by the persons whose names are thereto subscribed.

Mr. Lucas: I will accept that.

Mr. Rose: With that part we will save a lot of time. You now offer them?

Mr. Lucas: I now offer them, based on counsel's statement and the other matters in evidence, these following documents: A letter on the letterhead of the Wake Development Company dated December 30, 1938, signed "A. Faulkner"; another letter on the letterhead of Wake Development Company, dated January 6, 1939, and signed "A. Faulkner"; another letter on the letterhead of Wake Development Company, dated January 25, 1939, signed "A.

(Testimony of Willard Eugene Warren.)

Faulkner", together with the accompanying shares of stock of the Trinidad International, and accompanying profit-sharing notes. I offer them in evidence, all of the documents being addressed to Mr. Michael Burns, and ask that they be made a part of Government's Exhibit 61.

Mr. Rose: To which objection is had on the ground it [873] is wholly irrelevant and immaterial.

The Court: They are admitted.

The Clerk: Part of 61.

Mr. Rose: May an exception be noted?

The Court: Exception.

(The documents referred to were received in evidence and made a part of Government's Exhibit No. 61, in evidence.)

Mr. Lucas: If your Honor please, based on the contents of one of these letters, namely, the letter of January 6, 1939, which reads as follows, "Mr. Michael Burns, 943 Second Street, Peekskill, New York. * * * Dear Sir: We acknowledge receipt of your registered letter of January 4th with enclosures of Certificate 1743 for 100 shares of Great Eastern Natural Gas Company stock, and your check in the amount of \$300.00 made payable to this company", I now reoffer in evidence a Great Eastern Natural Gas Company Incorporated Certificate of stock No. 1743, the same being the one mentioned in the letter, and ask that that be made a part of Exhibit No. 61.

Mr. Rose: I resist the offer on the ground that no proper foundation has been laid, incompetent,

(Testimony of Willard Eugene Warren.)
irrelevant and immaterial; it bears the background of hearsay.

The Court: Is that certificate made out to Burns?

Mr. Lucas: Yes, your Honor, that is the one made to Mr. Burns, identified by the witness with his signature, and made on the face thereof. [874]

The Court: Somebody will have to get up here and trace——

Mr. Lucas: The letter, your Honor, acknowledges receipt of it by Wake Development Company; and the testimony of the witness heretofore made, but stricken from the record was that he thought he received it back from them.

The Court: He said he received a number of them.

Mr. Lucas: Yes, this among them. He said his recollection was refreshed about the matter.

The Court: He hasn't testified yet, though, that he gave that to you.

Mr. Lucas: I state for the record I received it from his counsel.

The Court: You did. But he hasn't traced it to you.

Mr. Lucas: Very well.

Q. By Mr. Lucas: I now show you again, Mr. Carter, No. 1743 for 100 shares of the Great Eastern Natural Gas Company Incorporated stock, about which you have heretofore testified, and ask you if you delivered that to your attorney Mr. Ames Peterson.

(Testimony of Willard Eugene Warren.)

Mr. Rose: I object to it as leading and suggestive.

The Witness: This document belonged to me, and it was among the papers that I turned over to my attorney to deliver to the Securities and Exchange Commission.

Q. By Mr. Lucas: From whom did you receive it? [875]

A. I received this certificate from the Wake Development Company, Los Angeles, California.

Mr. Lucas: I now reoffer the certificate in evidence, if the court please.

The Court: It is admitted over Mr. Rose's objection.

Mr. Rose: May an exception be allowed?

The Court: Exception allowed.

Mr. Lucas: May it become a part of Exhibit 61?

The Court: It may.

(The document referred to was received in evidence and made a part of Government's Exhibit No. 61, in evidence.)

Q. By Mr. Lucas: Now, do you remember a party by the name of Florence S. Lawyer?

Mr. Rose: Just a second. I don't want to place myself in the position of indicating to the court when to recess, but I thought perhaps we inadvertently had passed the usual time.

The Court: Not inadvertently.

How near are you through with this man, Mr. Lucas?

Mr. Lucas: I talked with counsel this morning

(Testimony of Willard Eugene Warren.)
and with Mr. Mainland, and reviewed our procedure, and I have assured Mr. Rose that I believe I can finish with my examination of this witness this afternoon. We are now running into some of the duplication of the counts. I just saw that I questioned Mr. Carter on Mrs. Lawyer yesterday afternoon, therefore I will pass from that. I [876] think I have exhausted his testimony on that subject, unless a further check will indicate that I haven't.

Then, I believe, to answer your Honor's question directly, I can say with considerable assurance I will finish with this witness before the adjournment this afternoon.

The Court: All right.

(A short recess was taken.)

Q. By Mr. Lucas: Mr. Carter, do you remember a man by the name of J. Arthur Hazelton?

A. Yes, I do.

Q. Do you remember where he lived?

A. Mantua, New Jersey.

Q. Did you have any personal contact or correspondence or conversation with him?

A. Yes, I had correspondence, I had conversations with him.

Q. Tell me approximately when you first met him.

A. To the best of my recollection it was sometime in 1940.

Q. Did you meet him more than once?

A. Yes, I met him several times.

(Testimony of Willard Eugene Warren.)

Q. Was there any period of time between the time you first met him until you met him subsequently?

A. I don't think I understand what you mean.

Q. Well, have you had more than one personal conversation with him, was there any particular interval of time between your first conversation and your subsequent conversation?

Mr. Rose: I object to the question as purely argumentative; it is self-evident if there was a subsequent conversation an interval of time would have elapsed. I think that the proper objection would be that the question is unintelligible.

The Witness: I first contacted Mr. Hazelton by telephone from Philadelphia.

Mr. Lucas: I will withdraw the question to which counsel objected.

Q. By Mr. Lucas: When and in what manner did you first contact Dr. Hazelton?

A. I called him on the telephone from Philadelphia.

Q. What did you say to him and what did he say to you?

Mr. Rose: Just a moment. I object to that, your Honor, on the ground that no proper foundation has been laid; the same calls for hearsay, it is incompetent and not binding on the defendants now on trial.

The Court: He may answer.

Mr. Rose: May an exception be noted?

The Court: Exception is allowed.

(Testimony of Willard Eugene Warren.)

The Witness: I told him that I understood that he had some Martin Custom Made Tire stock. I asked him to [878] confirm my impression of his ownership of the stock, and he said yes he owned some stock and asked me what I knew about it. And I told him, of course, the company was in difficulty, receivership, and that there were some special interests that were interested in buying the stock, and I could offer him a dollar a share for his stock. Well, he said he didn't believe he would want to sell it, but he said, "I would like to talk to you about it." I said, "Well, I will be very happy to drop in and see you some time when I am over in your locality. That may be within the next week or ten days."

He said, "Well, be sure to do so, because I would like to get any information you have."

About a week or so after that I did go to his dental office in Mantua, New Jersey——

Q. By Mr. Lucas: Let me interrupt you here. That is the same Dr. Hazelton who has heretofore testified in this case? A. Yes, it is.

Q. All right.

A. And I told him my name was Roberts on my first call, and on my——

Mr. Rose: Just a moment. To expedite matters, if you consent that his answer be stricken, ask him to relate the conversation so I can get my objection in.

Q. By Mr. Lucas: Just relate the conversation. [879]

(Testimony of Willard Eugene Warren.)

Mr. Rose: Just a second please. Do you consent that his answer previously given may be stricken?

Mr. Lucas: His immediately preceding answer may be stricken by stipulation.

Mr. Rose: Very well. Is that agreeable to your Honor?

The Court: Yes.

The Witness: I told him——

Mr. Rose: Just a moment. I am objecting to this present conversation that is now being sought to be elicited from the witness upon the grounds; one, that it calls for hearsay, that no proper foundation has been laid, the same is incompetent and is not binding on the defendants now on trial.

The Court: He may answer.

Mr. Rose: May an exception be noted?

The Court: Exception.

The Witness: I told Dr. Hazelton that I was the Mr. Roberts that had called him on the telephone. And he said, "Oh, yes, would you mind waiting? I have a patient in my office. Just make yourself comfortable."

And after about 20 minutes he opened his door and said, "Come in." I went into his dental office. I asked him how many shares of Martin Custom Tire stock he had. He said he had 300 or 400 shares of the stock. And I said, "I suppose you paid three or four dollars a share for the [880] stock? He said, "Yes, that's right."

I said, "You don't feel that you would be inter-

(Testimony of Willard Eugene Warren.)

ested in selling it at a dollar a share?" And he said, "No, I think I might hold on to it because I had a letter from the company and they told me there might be a reorganization."

I told him then that I was a trader in securities, that I did have an affiliation with a large oil company in Los Angeles, California, that I represented them in certain matters pertaining to their securities, and they had a stock that showed unusually attractive possibilities. I told him that the men that were connected with this Trinidad Company—and then I named the company, the Trinidad International Petroleum Company—and I said, "The men that head up this company are some of the best known oil men in the business, they comprise the old crowd that headed the Pan American Petroleum and Transport Corporation and the Mexican Petroleum Company, they were more commonly known as the E. L. Doheny oil crowd." I asked him if he had remembered the spectacular market activities of Pan American Petroleum and Transport stock when it was listed on the Stock Exchange, and he said no he didn't remember that so much. And I told him it used to go up three and four hundred dollars a share and down like a curtain on a roller, and that this crowd would probably be able to do the same thing with the Trinidad International Petroleum stock. I told him that the stock [881] was then selling in the neighborhood of around \$12.00 or \$13.00 a unit, that the stock was around five or six dollars a share, and that the

(Testimony of Willard Eugene Warren.)

notes were worth about five, five to seven dollars, depending on how he sold the notes. I told him the stock was closely held and it wasn't easy to get a block of the stock, but that I had some people who had a block of stock that I thought might be interested in selling it. I told him that I thought it would be a very good idea if he bought into this company. He said it sounded very interesting to him. And he also told me, "What do you know about a stock called "Communications Research"? Since I previously had been advised about his holdings in Communications Research, as well as the Martin Custom Made Tire stock by a broker in New York who gave his name, I told him that I thought it was a promising prospect in the television group of stocks, one of the newer television companies, and since that broker had asked me not to take the stock away from him, I told him that I thought he ought to hold on to it, it might have good speculative possibilities. Then I told him—I asked him what other stocks he owned. He got out a list of about five, six, or seven—five or six stocks, to the best of my memory, and gave me the names of them, and I wrote them down. I told him that I thought it might be a good idea if I looked up these stocks and made a report to him about what I thought the future possibilities were on them, and then I [882] would call back and give him my idea of those I think he should sell, and dispose of and put into the Trinidad Oil Company. I told him then that I didn't think he ought to sell

(Testimony of Willard Eugene Warren.)

any of them without my first getting an opportunity to look each one of them up individually, and then make suggestions to him. He said he thought that was an excellent idea. And to the best of my recollection I left him at that time.

Q. By Mr. Lucas: All right. Did you thereafter come back and talk with him again?

A. To the best of my recollection I was back to see him within a very short time. Before I went back to see him I visited A. D. Phelps, a broker in New York, an over-the-counter stock broker. Mr. Phelps had previously given me the name, with the understanding that if I sold him any stock that I would cut him in on any profits that would be made out of the transaction. Mr. Phelps did desire to obtain some shares of stock in the Martin Custom Made Tire Company. He told me he could resell the stock at a profit to him, and he would pay me a dollar for any stock I could take in.

When I left Dr. Hazelton I went back to see Mr. Phelps in New York, and I explained to him the number of stocks that this man had, and I told him that I was interested in selling him a block of Trinidad International Petroleum stock, in which I had a connection in California [883] where I could receive the stock from.

Mr. Phelps said, "Well, that is all right with me. What are you going to do with the stocks when you take them in from him?" Meaning the list of stocks Mr. Hazelton had.

(Testimony of Willard Eugene Warren.)

I said, "I intend to turn them over to you for sale."

He said, "As long as I don't get involved in the Trinidad sale of stock, it will be all right with me. I will sell the stocks, but you will have to get a power of attorney from the man stating that I have the power to turn the money over to you after you sell them."

I said, I knew that, and I would do that, and I told him that undoubtedly he could expect to receive the stocks by registered mail from Dr. Hazelton within a few days, along with a power of attorney and a letter of instructions telling him to sell the securities and turn over the proceeds to me for investment as I saw fit.

Then I returned to Dr. Hazelton and I told Dr. Hazelton that I thought——

Mr. Rose: Are you starting a conversation—May those few words go out? Well, they are innocuous. I take it he is going on with a conversation.

Mr. Lucas: I take it so too.

Mr. Rose: At this time, your Honor, I object to the conversation that is now started to be elicited on the ground that the same is incompetent, irrelevant, immaterial, hearsay, and is not binding on the defendants now on trial. [884]

The Court: Objection is overruled.

Mr. Rose: May an exception be noted?

The Court: Exception is allowed.

The Witness: I then returned to visit Dr. Hazelton, and at that time I obtained his permission—

(Testimony of Willard Eugene Warren.)

or he consented to send a certain list of securities which we had talked about to be sold, with a power of attorney and letter of instruction to A. D. Phelps, with further instructions to turn the proceeds of the sale over to me in New York.

Q. By Mr. Lucas: Now, I show you Mr. Witness, a letter dated July 6, 1938, heretofore marked as Government's Exhibit 23 in evidence, and ask you if that is your signature "A. L. Roberts" on the second sheet thereof. A. Yes, that's mine.

Mr. Rose: Let me take a look at it. It will save time, because I will know if I want to object or not. This is already in?

Mr. Lucas: That's right.

Q. By Mr. Lucas: I want you to notice the date, first, of this document, Mr. Carter. The exhibit is dated in July, 1938.

A. Yes, I noticed that. I was in error about the date that I called, but that can be expected. I notice this is 1938.

Q. Do you now desire—— [885]

Mr. Rose: Just a second. Wait a moment. I move that his answer be stricken as voluntary, induced by a leading and suggestive question. The direct testimony of this witness, as your Honor will recall, is that he first met Dr. Hazelton in 1940. Now counsel is directing his attention to an exhibit, in order to suggest to this witness that he go back two years before that time. I think it is grossly improper.

Mr. Lucas: I merely wanted, if the court, please,

(Testimony of Willard Eugene Warren.)

to give the witness an opportunity to correct his answer heretofore made, if he so desires.

The Court: Continue.

Q. By Mr. Lucas: Do you want to correct your statement heretofore made that you first met Dr. Hazelton in 1940?

A. Yes, I want to correct that, because of the time element. I can't be correct on dates all the time. That was so long ago, while the instances are firm in my mind, the dates may be wrong, and that is the reason I have usually said that I can't be sure of the dates. I do recollect now that I see this letter that it was previous to the time, and it couldn't have been in 1940, on further refreshing my mind, because I was doing other things at that time also. I don't know why I said '40, but it is one of those things.

Q. By Mr. Lucas: Directing your attention, again [886] to the exhibit, did you receive the stocks which are reflected on that exhibit from Dr. Hazelton?

Mr. Rose: I object to it as immaterial and not binding on the defendants. It is *res inter alios acta*.

The Court: Overruled.

The Witness: May I read this?

Q. By Mr. Lucas: Certainly, if it will help you.

A. Yes, this letter is one I wrote to Dr. Hazelton which confirmed the agreement that I entered into with him, and as I have outlined here in my testimony.

(Testimony of Willard Eugene Warren.)

Q. Did you receive the proceeds from the sale of that stock? A. Yes, I did.

Q. What did you do with the proceeds?

A. Well, at that time I communicated with the Wake Development Company, Mr. Danziger was there at the time, I believe——

Mr. Rose: I move that be stricken as a conclusion of the witness.

The Court: Stricken.

The Witness: (Continuing) I communicated with the Wake Development Company in Los Angeles and told them that I wanted to make a transaction, that I had made certain representations to Dr. Hazelton about the Trinidad International Petroleum stock. I told them that I was representing myself as A. L. Roberts, and that I was making [887] arrangements to make a sale of Trinidad International Petroleum stock and its notes, and that they would receive the regular stipulated amount, which was one-third of any proceeds I received from the sale, and that I would retain the balance for myself.

Mr. Rose: I move that entire answer be stricken on the ground that it is hearsay, not the best evidence.

The Court: The motion is denied.

Mr. Rose: May an exception be noted?

The Court: Exception is allowed.

Q. By Mr. Lucas: All right. Now, thereafter did Dr. Hazelton become a purchaser of any Trinidad stock?

(Testimony of Willard Eugene Warren.)

A. If my memory serves me correctly, upon sending the funds, which I did, to Los Angeles for stock, I asked them to make certificates in my name, or in the name of A. L. Roberts, and to forward them to me, and I would give them to Dr. Hazelton, and later have Dr. Hazelton transfer them.

That is the best of my recollection now of the transaction. It was something like that, anyhow.

Q. Do you recall from memory the number of shares of stock that Dr. Hazelton acquired in this transaction?

A. Well, I think it was around 600 shares, four or five hundred, six hundred, I can't be definite on it.

Q. I show you Government's Exhibit 25, in evidence, consisting of three letters from the Wake Development Company, [888] signed "J. M. Danziger" in two instances, "A. Faulkner" in the other, and ask if the use of those exhibits would refresh your recollection as to the transaction.

Mr. Rose: Just a second. Now, may I have the question?

(The question was read.)

Mr. Rose: I object to it as leading and suggestive. I submit that the rules of evidence are quite clear that the witness may refresh his recollection or resort to some memorandum made by him or by some memorandum in which he participated at or near the time. The question in its present form is clearly leading and suggestive and incompetent.

(Testimony of Willard Eugene Warren.)

The Court: Who is that correspondence between?

Mr. Rose: Between J. Arthur Hazelton and the Wake Development Company; and it has gone in, your Honor, by the foundational testimony of Dr. Hazelton that he received these particular communications in the mail. We have a personal conversation that it is a communication he received from Wake. Now, they are in evidence. Now the present question seeks to have him read something and then have him amplify this tale he is telling by reading these letters.

The Court: Don't you believe what he is telling, Mr. Rose?

Mr. Rose: Frankly, I don't think—there are certain things that, undoubtedly, are correct that he did say, your Honor; but there are certain things that he said in connection with this transaction with Hazelton that I disbelieve totally and completely.

The Court: How would this correspondence between third parties aid his recollection, Mr. Lucas?

Mr. Lucas: I don't know. I take it from reading it myself that it is corroborative and would aid him in determining whether it was six or seven hundred shares, because the exact amount of shares sent to Dr. Hazelton is reflected in that letter.

The Court: It would be leading in effect.

Mr. Rose: Dr. Hazelton, your Honor, has——

Mr. Lucas: I will withdraw it.

The Court: It is withdrawn.

Q. By Mr. Lucas: I show you Government's

(Testimony of Willard Eugene Warren.)

Exhibit No. 27 in evidence, and call your attention to a document that is attached or clipped onto the back of this certificate, denominated here "Irrevocable stock power," the signature thereon is "Arthur L. Roberts," and ask you if that is your signature.

A. A. L. Roberts.

Q. Yes, A. L. Roberts. Did I say something different? I am sorry. Is that your signature?

A. That is my signature.

Q. Is the handwriting—— [890]

A. That is my handwriting, yes.

Q. —with the signature over on the left-hand side above the word "Witness", where we find "B. M. Walker"—do you know whose signature that is?

A. No, I don't remember that.

Mr. Rose: What is the answer?

(The answer was read.)

Q. By Mr. Lucas: I show you Government's Exhibit 28, being a stock certificate of Trinidad International Petroleum Limited, to which there is also attached an irrevocable stock power, and direct your attention to the name and signature "A. L. Roberts," and ask you if you signed that, and if it is your signature?

A. Yes, that is my signature. The writing is also mine for the transfer of 100 shares of stock in my name. This is 100 shares of notes.

Q. You are speaking of Exhibit 27?

A. It was transferred out of my name into Dr. Hazelton's name.

(Testimony of Willard Eugene Warren.)

Q. I show you now, Witness, Government's Exhibit 29, in evidence, being a cashier's check payable to A. L. Roberts, drawn on the Farmers National Bank of Mullica Hill, New Jersey, particularly I direct your attention to the endorsement on the back of the check "A. L. Roberts" and ask if that is in your handwriting?

A. No, that's not. [891]

Q. Did you have any conversation with Dr. Hazelton about that check? A. Yes, I did.

Q. State that conversation, please.

A. I wrote a letter to Dr. Hazelton——

Mr. Rose: Just a second. He has been asked to relate a conversation, and now he is starting to tell us about something else. Mr. Lucas, don't you think you ought to have him stay with the conversation?

Mr. Lucas: What is the pending question?

(The question was read.)

Q. By Mr. Lucas: Will you answer the question to the best of your ability, please?

A. Well, this check resulted from correspondence I had with Dr. Hazelton.

Q. I show you, then——

Mr. Rose: I move that the answer be stricken on the ground that it is not responsive. He was asked if he had a conversation in respect to this check.

The Court: Stricken.

Q. By Mr. Lucas: I show you, Mr. Witness, Government's Exhibit 39, and ask you if that let-

(Testimony of Willard Eugene Warren.)

ter in its entirety, and the signature thereon, is your handwriting.

A. This is my handwriting.

Q. Did you write the letter?

A. Yes, I did. [892]

Q. Is that the letter that you spoke of a moment ago?

A. Yes, it is.

The Court: Gentlemen, I will have to ask your indulgence, I will have to leave the bench early, again, to meet a visitor. We will resume at 2:00 o'clock.

(Whereupon, at 11:50 a.m., January 25, 1945, a recess was taken until 2:00 o'clock p.m.)

Los Angeles, California,

Thursday, January 25, 1945, 2:00 p.m.

WILLARD EUGENE WARREN

(WARREN C. CARTER),

resumed the stand as a witness by and on behalf of the Government, and having been previously duly sworn, testified further as follows:

Direct Examination (Continued)

By Mr. Lucas:

Q. Mr. Carter, before the noon recess we were starting into the 1940 transactions between you and Dr. Hazelton. Did you have any communica-

(Testimony of Willard Eugene Warren.)
tion or correspondence with Mr. Danziger or the Wake Development Company after you contacted Dr. Hazelton in 1940?

Mr. Rose: I object to the form of the question as leading and suggestive. There is a conflict in the testimony on the part of this witness with his observations as to when and what conversation and when the transaction occurred.

The Court: You may answer.

The Witness: Yes, I had communications by mail with Mr. Danziger in Los Angeles. I wrote him and told him that I——

Mr. Rose: Just a minute. I object to it on the ground that no proper foundation has been laid; it is a conclusion and opinion of the witness, and not the best evidence.

The Court: Objection overruled. [894]

Mr. Rose: May an exception be noted?

The Court: Allowed.

The Witness: (Continuing) I wrote him and told him that I was going to try to make a new deal, a re-load deal on the Hazelton account, which I had sold previously in 1938.

Mr. Rose: Let me hear that.

(The answer was read.)

Q. By Mr. Lucas: Go ahead.

A. I asked him at the time if he had any material that he could furnish me in the form of a letter as to any recent activities or new activities that might take place, and I stated at the time, generally, that my thought was that I could get about

(Testimony of Willard Eugene Warren.)

\$5000.00 minimum from Mr. Hazelton, and that I needed something in the form of a new letter. He wrote me a letter back, and he sent me a letter, I can't remember the contents of it all now, but it was a letter addressed to A. L. Roberts——

Mr. Rose: I move that be stricken as not the best evidence, no proper foundation——

The Witness: And to the best——

Mr. Rose: Just a second.

The Court: Do you have the letter?

The Witness: No, I don't.

The Court: Do you have it, counsel for the government?

Mr. Lucas: I take it from what the witness has gone [895] along on, your Honor, that we are now getting to Exhibit 31. May I have it? It is in for identification. Your Honor may not remember it, but it was marked for identification when Dr. Hazelton was on the stand. He testified that it was a copy made in his handwriting of a letter I think this witness is referring to now.

The Court: You might show it to Mr. Rose.

Mr. Rose: I recall it very well, your Honor. May I point out to your Honor the state of the record in connection with this item? This is a letter in the handwriting of the witness Hazelton that he said he made of some letter that he had received in the mails from this witness——

Mr. Lucas: No. He received——

Mr. Rose: Just a minute. I am addressing the court, and I think I know what I am talking about.

(Testimony of Willard Eugene Warren.)

Mr. Lucas: I am sorry, Mr. Rose.

Mr. Rose: I will have to start over again. The state of the record will substantiate this in connection with this particular Exhibit 31. The witness Hazelton, your Honor, stated that he had a conversation with this witness about getting some kind of a letter from him; that he received a letter from him, this witness, with instructions to return it to him, not to Wake or Danziger or anybody, but to return it to this man here. He said he thereupon made in his own handwriting what he testified [896] to was a copy of the letter that was sent to him from Roberts or this witness, and that this letter purports to be a copy of a letter that this witness sent to Hazelton, and which Hazelton, in turn, returned to this witness. If your Honor will recall, this inquiry concerning the Hazelton transaction is reflected in Exhibit 92. Your Honor will recall that Mr. Mainland went in at great length making inquiry about whether Paddleford discussed certain things. This letter purports to be signed by Wake Development Company by one of its directors, Paddleford, and Mr. Mainland in his examination under Exhibit 92 here, went in at great length, not asking about whether a letter of this character had been written, but drawing in his examination, canvassing the substances and the matters contained in this particular letter, certain alleged conversations that Paddleford had had with Danziger about certain matters, and your Honor will remember there was a great deal of it, and

(Testimony of Willard Eugene Warren.)

I asked Mr. Mainland whether he told or informed Mr. Danziger that there was any purported letter or forged letter of that fact, and he said no he definitely kept that information from him.

There ought to be a limit as to how far—your Honor has a discretion, I recognize, in a type of case of this kind in admititng evidence, but counsel is attempting now to build up his own straw men and knock them down, he is now going to attempt to take a letter, that your Honor has before [897] him now, written by Hazelton, which purports to be a copy of another communication, which, in turn, purports to be signed by this Doctor here, and which manifestly is not the case, and he is going to try and bind us now that such communication was, in fact, sent out; and now he is trying to lay the foundation to introduce this double, double hearsay.

The Court: Do you have the letter that was sent to you?

The Witness: No, I haven't it, your Honor.

The Court: Do you remember who it was signed by?

The Witness: Yes, it was signed by Paddleford.

The Court: How would it happen to be signed by him when all your communications were with Danziger previously?

The Witness: This letter was supposed to be a letter to assist me in making a particular sale to Mr. Hazelton.

(Testimony of Willard Eugene Warren.)

The Court: Do you know what happened to the letter?

The Witness: I suppose it has been lost. I looked all through the papers I had and didn't find it.

The Court: And you did show it to Hazelton?

The Witness: Yes, I did.

The Court: You don't know whether he took a copy of it or not?

The Witness: Yes, he wrote it down——

The Court: Wait a minute. In your presence?

The Witness: Yes.

The Court: And gave you back the original?

The Witness: That is my recollection.

The Court: But you are not sure of it?

Mr. Lucas: The testimony——

Mr. Rose: Pardon me. Your Honor, I refer the court to the record, the testimony of Dr. Hazelton. Hazelton's testimony is that he received that particular letter in the mail and was to mail it back to this witness, and that he did mail it back, and that he wrote that himself. Your Honor, I challenge counsel to establish a scintilla of evidence contrary to the state of the record as reflected by the remarks made by me to your Honor.

The Court: I think under the circumstances, you object to the letter coming in, Mr. Rose, I will let the witness—the original is lost, I will let him summarize what is in it.

Mr. Rose: Here is the situation, your Honor. This doesn't purport to be a letter by Danziger or

(Testimony of Willard Eugene Warren.)

the secretary or anybody; it is manifestly a forgery. It is a letter by Paddleford, it is supposed to be one by Paddleford——

The Court: Forgery by whom?

Mr. Rose: I don't know. How can we tell? Manifestly, from the examination of Mr. Danziger—I assure your Honor Danziger would probably have shot this fellow if he had any idea that a fine gentleman like Paddleford's name had been used in this manner. My point is this, your Honor: We are being saddled here by what? This gentleman here [899] produced, when he discreetly desired to produce, the various communications, including envelopes, way back in 1937. Now, it is very convenient for the government, but it violates the fundamental law of the land, to put a man on who is a confessed and recalcitrant defendant in this action, and who has received, manifestly, the benefits by reason of some deal made with the prosecution——

The Court: Mr. Rose feels very strongly about this. I am a stranger in the community, I don't know your names and your personalities, is it necessary to your case to bring in the name of another man here whose name it has been suggested might have been forged? Is it necessary to the government's case to do that?

Mr. Lucas: I don't see how we can avoid it and bring in this particular phase of the record.

The Court: Well, is that necessary to your proof of the Hazelton count? That is my question.

Mr. Lucas: It is part and parcel of the trans-

(Testimony of Willard Eugene Warren.)

action. Now, to answer your question and tell you whether it is an essential part of the matter, I just can't say, your Honor.

The Court: You have already proven certain transactions, which if believed by me and not refuted, would support your allegations on the Hazelton count.

Mr. Lucas: I understand that. I want to say I disagree with everything counsel said, mostly, except when [900] I was interrupted I was just about to concur with counsel that Dr. Hazelton's testimony from the stand was different from Mr. Carter's recollection of the deal. Dr. Hazelton testified, as counsel indicated, that Mr. Carter gave him this original letter, showed it to him, and he asked permission from the witness Carter to keep it and retain it sufficiently long to make a copy, and that he did make a copy, and I agree with counsel my recollection of Dr. Hazelton's testimony was that he then thereafter sent the letter by mail to Mr. Carter.

The Court: You claim you got a letter from Danziger saying that——

The Witness: I heard——

The Court: Wait a minute. You claim you got a letter from Danziger saying that he had gotten Dr. Paddleford to sign this letter and was sending that for your use?

The Witness: No, no I don't claim that. I claim I received this letter, such as a piece of sales litera-

(Testimony of Willard Eugene Warren.)

ture, with the notation to the effect, "You may find this useful."

The Court: There is no other letter that I recall came in here with Dr. Paddleford's signature.

Mr. Lucas: We don't contend that Dr. Paddleford ever wrote that letter or knew the slightest thing about it. I want the record to be clear on that.

The Court: It is too vague. I am going to exclude the letter. [901]

Mr. Rose: That particular letter, you brought it out in some questions of yours of Dr. Hazelton; it was on plain paper, it was not on stationery of the Wake Development Company or anybody else. That is the state of the record. It was on a plain sheet of paper.

The Court: The letter will not come in and I will exclude any testimony about it.

Mr. Lucas: Very well.

Q. By Mr. Lucas: Now, then, to pick up, Mr. Carter—and omitting anything you said to Dr. Hazelton about this so-called letter, or omitting anything about a communication with Mr. Danziger about this letter, proceed with what you stated to Dr. Hazelton after your communications with Wake.

Mr. Rose: Just a minute. I object to the form of the question on the ground that it assumes that the communication was from Wake.

The Court: He may answer.

The Witness: I called Dr. Hazelton on the telephone from New York and told him I was going to visit him because I had a matter I wanted to talk

(Testimony of Willard Eugene Warren.)

over with him. And in a few days I went down to see Dr. Hazelton in Mantua, New Jersey, in his office. On the occasion of my visit there I told him that——

Mr. Rose: Just a second. I object to the conversation that this witness is about to relate upon the grounds [902] that no proper foundation has been laid, that it is, manifestly, hearsay; the same is not binding or competent on the defendant.

The Court: He may answer.

The Witness: I explained to Dr. Hazelton that the stock of the Trinidad International Petroleum had not gone up as high in price as I had anticipated during the two years or a year and a half interim that I had sold him his previous stock or had been instrumental in getting him to acquire his holdings in the company, but that I had every reason to believe that soon there would be a deal culminated whereby a certain number of shares of stock would be taken up by a syndicate group. I told him that his holdings in the company were not adequate enough to entitle him to participate in that sale, so I told him that I wanted to increase his holdings in the company by an additional thousand shares of stock. He very frankly told me that he could not think of such a thing; that it was beyond his ability to furnish any more funds, and he told me that he didn't have any more securities. He showed me some royalties that he had bought since I sold him the last time, amounting to \$2500.00, stating that that was the last money he had, and he couldn't put

(Testimony of Willard Eugene Warren.)

in any money. I then asked him if he couldn't put in a smaller amount, and he reiterated what he said, he just simply was strapped, he had no more money to put into anything and he couldn't go [903] any further.

At that time I told him that I was contemplating a trip to Los Angeles, and that from Los Angeles I was coming back to New York, and that I was going down to Trinidad to work on this arrangement whereby we were going to dispose of the stock; that I would take care of him in some manner, shape or form, regardless of whether his holdings were large enough to warrant his participation in the syndicate. He said, well, that would be fine, he hoped I would take care of it. And I said, "Of course, the expense of this trip is going to be considerable. It is going to run into a great deal of money, and I would like to have you underwrite a part of that cost." He said, Well, he would try to do what he could. And then I pinned him down and he said, "The most I could advance toward that expense would be \$300.00." Then I told him that wouldn't be sufficient, that the least I could accept would be a thousand dollars. We finally arrived at \$700.00 as the basis, but I would have to wait for the balance of the \$400.00. At that time I agreed that he should be entitled to receive another hundred shares of stock for the money that he would advance toward this expense, and, namely, would transfer 100 shares of the stock that he had in my

(Testimony of Willard Eugene Warren.)

name and was holding for me, in consideration for this money.

He told me he didn't have the money right then and there, and asked me where he could mail it to. I told him [904] he could mail the check out to the Wake Development Company in Los Angeles in care of A. L. Roberts, and that I would receive it when I arrived out there. Then I left. I wrote to Mr. Danziger and told him he would receive a check, that I had been unsuccessful in getting any more than \$300.00 out of Mr. Hazelton, and explained to him that when the check came through that he could either cash it or re-forward it to me and I would cash it.

I received a letter back from him——

Mr. Rose: Just a moment. I move that the declarations of this witness as they purport and relate to a letter he said he wrote to Danziger be stricken on the grounds, severally, that it is not the best evidence, calls for a conclusion, conjecture, speculation on the part of this witness.

The Court: Motion denied.

Mr. Rose: May an exception be noted?

The Court: Exception.

The Witness (Continuing): I later received a letter from Los Angeles stating they had received the check for \$300.00 and had put the check in for collection, and after the check had cleared they would send me the usual \$200.00, less wiring charges.

Q. By Mr. Lucas: Did you receive it?

A. I later did receive the money, yes.

(Testimony of Willard Eugene Warren.)

Q. Mr. Carter, I show you a letter, Government's Exhibit No. 34, in evidence, and ask you to look at the [905] signature and tell me if you wrote and signed it and sent it to Dr. Hazelton?

Mr. Rose: Is that an exhibit in the case?

Mr. Lucas: It is; Exhibit No. 34, counsel.

The Witness: Yes, this is my letter.

Q. By Mr. Lucas: I show you now Government's Exhibit 33 and ask you if you wrote and signed that and sent it to Dr. Hazelton?

A. Yes, I wrote this letter.

Q. I show you now Government's Exhibit 32 containing some handwritten figures, figures in handwriting as distinguished from typing, and ask you if those are in your handwriting.

A. May I refer to that letter again, the first one?

Q. Yes, certainly.

A. May I refer to this letter?

Q. Certainly, if it is necessary for you to answer.

A. I wrote this letter to Dr. Hazelton and mailed it out to Los Angeles, California, to Mr. Danziger, and asked him to remail the letter to Dr. Hazelton so as to reflect the fact that I was in Los Angeles.

Mr. Rose: I move that that be stricken on the ground that it is a conclusion of the witness, not the best evidence, no proper foundation laid.

The Court: What number did you just refer to?

Mr. Lucas: Exhibit No. 34. [906]

The Court: Motion denied.

Mr. Rose: May an exception be noted?

The Court: Allowed.

(Testimony of Willard Eugene Warren.)

Q. By Mr. Lucas: I refer you again, Mr. Carter, to Exhibit No. 32, to the hand-written figures thereon, and ask you if those are in your handwriting.

A. They are in my handwriting.

Q. Do you recall when you made those figures?

A. No, I can't.

Q. In connection with the exhibit I am about to hand you, I first show to council——

Mr. Rose: Just a second. You showed the witness some papers; did you put them down here?

Mr. Lucas: There they are right there (indicating).

Q. By Mr. Lucas: I show you, Mr. Carter, a white sheet of paper dated March 5, 1940, from which the address has apparently been cut off, with the salutation: "Dear Dr. Hazelton," and ask you if that was cut out of that letter by you?

A. Is this one of the letters turned over to you?

Q. It is, by your counsel Mr. Peterson.

A. Yes, this is a letter, a copy of one of the many letters which I received from Wake.

Q. From whom did you receive it?

A. The Wake Development Company.

Mr. Rose: What is the date of that? [907]

Mr. Lucas: March 5, 1940.

This letter I offer in evidence and ask that it be made a part of Government's Exhibit 27. Have you any objections, Mr. Rose?

Mr. Rose: Yes. Just a second.

I object to it on the ground there is no proper

(Testimony of Willard Eugene Warren.)

foundation laid, it is conclusion and opinion of the witness; the same is incompetent.

The Court: Complete the link, Mr. Lucas, you will have to testify that is one of the letters——

Mr. Rose: I am waiving that phase of it, your Honor. As a matter of fact, he is under oath now, and that statement to the court would be deemed in the form of testimony, in response to the witness' question as to where he got it, and I so recognize it, and I am not making an issue of that phase of the foundation.

The Court: The objection that you have made to its introduction is overruled.

Mr. Rose: May an exception be noted?

The Court: An exception is allowed.

Mr. Lucas: I ask that it be made a part of Exhibit 27, if the Court please, because the letter—the first two lines say, “We are in receipt of two stock powers of attorney signed by A. L. Roberts”; those two stock powers are 26 and 27 in evidence, and I ask that this exhibit, this letter, be made a part of Exhibit 27, if there is no [908] objection.

The Court: It may be done.

(The document referred to was received in evidence and made a part of Government's Exhibit No. 27, in evidence.)

Q. By Mr. Lucas: I show you, Mr. Carter, Government's Exhibit 17 in evidence, being photostatic copies of several post office money orders, I think ten in number. I turn to the first one and direct your attention to the signature George Carlton, and

(Testimony of Willard Eugene Warren.)

ask if that is your signature or photostatic copy thereof. A. Yes, it is.

Q. Did you receive the money represented by that post office money order? A. I did.

Q. I show you the next one, George Carlton, and ask you if that is your signature? A. It is.

Q. Did you receive the money represented by that post office money order? A. Yes, I did.

Q. I show you the next one, signature George Carlton, and ask you if that is your signature?

A. It is.

Q. Did you receive the money represented by that?

A. I did, and that is my signature. [909]

Q. I show you the next one and ask you if the signature George Carlton is your signature.

A. It is.

Q. Did you receive the money represented by that? A. I did.

Q. And I will ask you to look at the next one and ask you if that is your signature? A. It is.

Q. And did you receive the money represented by that? A. Yes, I did.

Q. I show you the next one with the signature George Carlton; is that your signature?

A. Yes, it is.

Q. Did you receive the money represented by that? A. Yes, I did.

Q. From whom did you receive these various money orders?

(Testimony of Willard Eugene Warren.)

Mr. Rose: I object to that as calling for a conclusion and opinion of the witness.

Mr. Lucas: I don't see how it could be an opinion, your Honor.

The Court: They are all signed by——

Mr. Lucas: The applications connect them up, your Honor, the other exhibits, the original applications on which these were issued are in evidence and were signed by [910] Mr. Danziger.

The Court: Ask the witness, first, does he know who sent them to him.

Q. By Mr. Lucas: Do you know who sent these to you? A. Will you let me look at them?

Q. Yes. Just the first six, I believe is all I called your attention to.

The Court: While he is looking at them, what was your proof on the money orders in connection with the defendant Danziger?

Mr. Lucas: The original applications are in evidence, and they are signed in some instances, I think, by the alias "A. Levy," and the other alias of "T. Mack" and the stipulation is that the signatures thereon, "A. Levy" and "T. Mack" are the signatures of Mr. Danziger.

The Court: There was no identification from the stand, was there, by other witnesses, that you recall?

Mr. Lucas: In that connection, your Honor, we had the post office employee who identified them as original documents.

(Testimony of Willard Eugene Warren.)

The Court: There was no identification by the defendant Danziger visually, was there?

Mr. Lucas: No, your Honor.

The Witness: May I talk about this?

Mr. Lucas: You have examined them. Are you ready to answer? [911]

The Witness: I am ready to answer on the last four.

Q. By Mr. Lucas: We hadn't got to those yet. Are you ready to answer on the first six?

A. Well, the first six represent \$530.00.

The Court: The question is do you know who sent them to you.

The Witness: Offhand, I don't.

Mr. Rose: May I have the exhibit, please?

(The document was handed to counsel.)

Q. By Mr. Lucas: Now, I direct your attention to the remaining four money orders, photostatic copies thereof, and direct your attention to the signature "A. L. Roberts"; did you sign that?

A. Yes, I did.

Q. Did you receive the money represented thereby? A. Yes, I did.

Q. Do you know who you received it from?

A. Yes, I do.

Q. From who did you receive it?

A. I received it from Mr. Hazelton.

Q. I show you the next one, is that your signature, "A. L. Roberts"? A. Yes, it is.

Q. And did you receive the money represented by that money order?

(Testimony of Willard Eugene Warren.)

A. I did. I received it from Mr. Hazelton. [912]

Q. And I show you the next one, "A. L. Roberts," and ask you if that is your signature?

A. It is.

Q. And did you receive that money?

A. I did; from Dr. Hazelton.

Q. All right. Now, I show you the final and last one of that series of four; is that your signature, "A. L. Roberts"?

A. Yes, it is.

Q. Did you receive that money?

A. Yes, I did, from Dr. Hazelton.

Mr. Rose: What is that exhibit number, please?

Mr. Lucas: The entire matter is Exhibit 17.

Mr. Rose: Thank you.

Q. By Mr. Lucas: I call your attention to the first six of these post office money orders, again; they bear date——

Mr. Rose: Now, I object to that, because the witness has clearly indicated that he has no knowledge of those particular exhibits, after examining them, and I am objecting to your leading or suggesting any matter to a, manifestly, hostile witness.

Mr. Lucas: I hadn't completed my question, if the court please. May I complete my question?

The Court: You may.

Q. By Mr. Lucas: I call your attention to the fact [913] that each of these photostatic copies of money orders are dated December 26, 1940, and each of them bear the typed name "Mary D. Briggs, Postmaster" in each instance; does that refresh

(Testimony of Willard Eugene Warren.)

your recollection as to whom you received these from? A. Yes——

Mr. Rose: Just a moment. I object to that as leading and suggestive, argumentative and, manifestly, not the form of a document from which this witness can refresh his recollection as to the source of the person that assertedly sent them to him.

The Court: Did you get money orders from Los Angeles at that time?

The Witness: Yes, I did.

The Court: Did you get them from more than——

The Witness: I received them from——

The Court: Wait a minute. Did you get them from more than one source?

The Witness: No, I did not.

The Court: Do you know the source from which you received money orders from Los Angeles at that time?

The Witness: Yes, I do, your Honor.

The Court: State what it was.

Mr. Rose: Just a moment. May I reincorporate my objection to the question as applicable to the supplemental question augmented by the court's inquiry? [914]

The Court: The objection is overruled.

Mr. Rose: May an exception be noted?

The Court: Exception is allowed.

What source did you get the money orders from?

The Witness: I received these from J. M. Danziger. And to the best of my recollection, the send-

(Testimony of Willard Eugene Warren.)

ers at the time I received them were noted as "Levy", if my memory is correct.

Mr. Rose: I object to that, your Honor, on the ground——

The Court: How would you know that?

The Witness: When you receive these certificates, they usually—I think they usually make the notation on it who the sender is, if my recollection is correct.

The Court: I haven't seen a money order for a long time. Is that correct?

Mr. Lucas: Well, I am frank to say I do not know.

Mr. Rose: I am frank to say that that is not a fact.

The Witness: I also remember that I received \$530.00 from the Wake Development Company through one of the various names that was used to send me money about this time from Los Angeles, and I never received any money from any other source from California other than that; so, therefore, it must be from that source.

Mr. Rose: I move that his answer be stricken; that it is a conclusion based on conjecture, speculation, no proper foundation laid, and I call your Honor's attention to the fact that without equivocation this witness gave a [915] definite and unqualified response to a direct examination.

The Court: The part of his answer that he received money only from one source in California may stand. The rest is stricken.

(Testimony of Willard Eugene Warren.)

Q. By Mr. Lucas: Can you now answer the question, Mr. Carter, from whom you received the money represented by those post office money orders?

Mr. Rose: I object to it as already asked and answered.

The Court: Objection sustained.

Q. By Mr. Lucas: I show you Government's Exhibit 22, in evidence, being a photostatic copy of a post office money order, on the reverse side there is an endorsement, and I will ask you to look at that and tell me if that is your signature or your handwriting.

A. Yes, it is.

Q. Did you receive the money represented by that? A. Yes, I did.

Q. On the face of this document, opposite the word "From" there is typed in the word "A. Levy"; can you tell me from whom you received that money?

Mr. Rose: I object to it as calling for a conclusion and opinion of the witness.

The Court: He may answer.

The Witness: Yes, I received that from Mr. Danziger.

Mr. Rose: I move that be stricken as a conclusion of [916] the witness.

The Court: Denied.

Mr. Rose: May an exception be noted?

The Court: Allowed.

Q. By Mr. Lucas: I show you Government's Ex-

(Testimony of Willard Eugene Warren.)

hibit 18 in evidence, and call your attention to a photostatic signature on the back and ask you if that is your signature? A. It is.

Q. Did you receive the money? A. I did.

Q. That is represented by the Western Union money order? A. That's right, I did.

Q. And from whom did you receive it?

A. Mr. Danziger.

Mr. Rose: I move that the answer be stricken for the purpose of inserting an objection.

The Court: Well, it is stricken. Make your objection, Mr. Rose.

Mr. Rose: I object to it on the ground that it calls for a conclusion and opinion of the witness. No proper foundation laid.

The Court: The objection is overruled.

Mr. Rose: May an exception be noted?

The Court: Exception noted. What was your answer?

Q. By Mr. Lucas: From who did you receive it?

A. Mr. Danziger.

Q. I show you Government's Exhibit 19 in evidence, and call your attention to a photostatic reproduction of the signature or writing "George Carlton," and ask you if that is your handwriting.

A. It is.

Q. Did you sign that? A. Yes, I did.

Q. Did you receive the money represented by the Western Union money order, a photostatic copy of which is attached to the exhibit?

A. Yes, I did.

(Testimony of Willard Eugene Warren.)

Q. And from whom did you receive it?

Mr. Rose: I object to that as calling for a conclusion and opinion of the witness, no proper foundation laid.

The Court: Overruled.

The Witness: Mr. Danziger.

Mr. Rose: May an exception be noted?

The Court: Exception allowed.

Q. By Mr. Lucas: I show you Government's Exhibit 20 in evidence, and direct your attention to a photostatic endorsement on the back thereof, "George Carlton"; is that your signature?

A. It is.

Q. Did you receive the money represented by the original Western Union money order? [918]

A. Yes, I did.

Q. And from whom did you receive it?

Mr. Rose: Just a moment. I object to it as calling for a conclusion of the witness, no proper foundation laid.

May I take the witness, incidentally, at this point on voir dire as to this limited subject matter?

The Court: No, I don't think so. Objection is overruled.

Mr. Rose: May an exception be noted?

The Court: Exception is allowed.

The Witness: I received that from Mr. Danziger.

Q. By Mr. Lucas: I show you Exhibit 21, Government's Exhibit 21, and call your attention to the signature on the reverse side of the money order, "George Carlton"—

(Testimony of Willard Eugene Warren.)

Mr. Rose: Your Honor, we haven't any photo-stats of any of the money orders there—yes, of the money orders; but these others that have been identified are Western Union, and in one instance Postal checks.

Q. By Mr. Lucas: Is that your signature on the back thereof? A. It is.

Q. Directing your attention to the money order itself, did you receive that money? A. I did.

Q. And from whom did you receive it?

Mr. Rose: I object to that as calling for a conclusion [919] and opinion of the witness, no proper foundation laid.

The Court: Objection overruled.

Q. By Mr. Lucas: From whom did you receive it? A. Mr. Danziger.

Mr. Lucas: May I have Exhibit 54? No, I am sorry, I have it here.

Q. By Mr. Lucas: Mr. Carter, do you remember a man by the name of Harold McCoy?

A. Yes, I do.

Q. Did you ever see him before you saw him in the court room in the trial of this case?

A. Yes, I did.

Q. Do you recall approximately where and when?

A. Yes, I saw him in Cadiz, Ohio.

Q. Can you tell me approximately the time?

A. I think it was in 1938.

Q. Did you have any conversation with him?

A. Yes, I did.

(Testimony of Willard Eugene Warren.)

Q. What was the conversation concerning, what was the subject matter of it?

Mr. Rose: Just a moment. Are you asking him for the conversation or are you asking him for his conclusion as to what the subject matter was?

Mr. Lucas: The reporter will please read the question.

The Court: No, don't read it.

Mr. Rose: I object to it on the ground that no [920] proper foundation has been laid, and it calls for hearsay, and it is incompetent and not binding on the defendants on trial.

The Court: Overruled.

The Witness: I called at Mr. McCoy's house and had a conversation with him. I asked him if he owned any Trinidad stock and notes. I told him my name was A. L. Baker, that I represented a stockholders protective committee for the Great Eastern Natural Gas stockholders. Then he told me no, he didn't own any Trinidad stock or notes, and wanted to know why I asked him that; and I told him that there had been a group of stockholders that had never had the right to exchange their stock for the Trinidad Petroleum stock and notes that had formed a committee, and I represented a committee. The purpose of the committee was to see that those stockholders who had not had the opportunity to exchange their Great Eastern Natural Gas stock did get that opportunity. I asked him then if he hadn't received some literature back several years previously about the exchange. He said, yes,

(Testimony of Willard Eugene Warren.)

he remembered something about that, but that he just figured it was one of those kind of things that they wanted more money out of, and he didn't answer it for that reason, or he didn't pay any attention to it. And I told him, well, I asked him if he knew that the stock had considerable value at that time, and he said no he didn't know that. "How much was it worth?" I told him the stock was worth [921] about five or six dollars a share and the notes were worth about five or six dollars a share.

Q. By Mr. Lucas: What stock were you speaking of?

Mr. Rose: Just a minute.

The Witness: Trinidad International Petroleum.

Mr. Rose: Your Honor, there ought to be an end to this constant suggestion here. We are meeting some conversations that we obviously are not present, and counsel suggests was there anything said about this. I think he ought to stop leading the witness.

The Court: That was a pretty fair question. He asked him what stock was he speaking of.

Mr. Rose: He seems to have an amazing memory about conversations, and I thought he would tell us——

The Court: If you are objecting to the witness' memory, that is one thing; but if you are objecting to the form of the question that Mr. Lucas asked, I think that form is very correct.

(Testimony of Willard Eugene Warren.)

Mr. Rose: I am sorry.

The Witness: We were talking about the Trinidad International Petroleum stock and notes. I asked him how many shares of stock he had in the Great Eastern Natural Gas Company, and he told me he had 2700 shares—I think he told me at that time he had a lesser amount, around 2600 shares of stock in the Great Eastern Natural Gas Company, and he asked me what procedure we were going [922] through, and I told him, “Well, if you would like to exchange your stock and you signify your interest by giving me ten cents a share deposit on your stock, I will go ahead and list your claim with the Wake Development Company in California, and see that some action is taken on the matter, then you may get a right to subscribe on the old original basis, which was \$3.00 payment in cash and a credit of \$2.00 for every share of your Great Eastern Natural Gas stock.”

So he said, “Well, let me look that up and see what it amounts to, I want to make sure about it.”

And he looked it up and he found he had 2750 shares of stock. So he made out a check to the man who I said was chairman of the committee, A. R. Winslow, made out a check for \$275.00 and gave me the check, and then I told him that he was to write a letter off right away to Los Angeles. I suggested the form of letter that he write, telling him that he demanded his right, and I told him we would also intercede in his behalf and see what we could do, too, to supplement his request. Then I told him

(Testimony of Willard Eugene Warren.)

I would communicate with him later, and I left him at that time, and I returned to Philadelphia from Cadiz, Ohio. I communicated the information to Los Angeles, to Wake Development Company, told them that I had a chance of making a good sized sale of the stock, of the Trinidad stock and notes, and exchange it for the Great Eastern Gas stock that Mr. McCoy had. [923]

Mr. Rose: I move that be stricken on the ground it is not the best evidence, and is a conclusion and opinion of the witness.

The Court: Denied.

Mr. Rose: May an exception be noted?

The Court: Allowed.

The Witness: I told them to advise me as soon as they received any word. I later received word that a letter from the Wake Development Company, in which they gave——

Mr. Rose: Just a second. I object to that on the ground it is a conclusion of the witness and not the best evidence.

The Court: Do you have the letter now?

The Witness: No, I don't have the letter in my possession. I did have, but a lot of letters have gone astray, and I just don't have them all.

The Court: Do you have the letter, Mr. Lucas?

Mr. Lucas: No. I checked with Mr. Mainland and we do not have it, your Honor.

The Court: Continue.

The Witness: I received a copy of the letter that he wrote in to the Wake Development Company, and

(Testimony of Willard Eugene Warren.)

a copy of the letter which they replied back to him. Later I was instrumental in sending down to Mr. McCoy another salesman by the name of O'Brien, who I knew in Philadelphia, and O'Brien and I decided that he would go down—— [924]

Mr. Rose: Just a moment. I object to that as hearsay and a conclusion of the witness.

The Court: I think he better confine himself to the fact.

Mr. Lucas: We feel it is a part of the scheme, your Honor, that is set forth in the indictment. It is covered, we feel, sufficiently, by the allegations of the indictment.

Mr. Rose: Your Honor, I know what counsel has in his mind, and I have heard it frequently. The point is that I take the position that these conversations are incompetent even coming from the witness that we have a right to cross-examine, but I don't know any authority on the subject of evidence that has ever contended that this man, who knows somebody in Philadelphia named O'Brien can relate a conversation he had with O'Brien.

The Court: Well, he sent O'Brien down, he said.

Mr. Lucas: That is as far as the witness went.

The Witness: I then called Mr. McCoy on the telephone from Philadelphia and I told him I was sending—I told Mr. McCoy——

Mr. Rose: Just a second. This is a subsequent conversation, manifestly. I will have to interpose my objection, your Honor, to this conversation that the witness is about to relate on the ground that no

(Testimony of Willard Eugene Warren.)

proper foundation has been laid, it is hearsay, it is incompetent and not binding on the defendants.

The Court: What was McCoy's recollection of all this?

Mr. Lucas: He has testified as to the second man coming there and all of that. It all came out from Mr. McCoy, and this is merely corroboration of the evidence of McCoy.

The Court: Continue.

The Witness: I told Mr. McCoy——

Mr. Rose: Your Honor has overruled the objection?

The Court: Yes.

Mr. Rose: May an exception be noted?

The Court: Exception.

The Witness: I told Mr. McCoy over the telephone that I was sending a Mr. Dawson down to see him, who was also connected with the deal; and I told him that Mr. Dawson had full powers to act, and that I couldn't return right then, but to be guided according to Mr. Dawson's instructions.

Q. By Mr. Lucas: Was the deal completed between the Wake Development Company and McCoy?

A. There was a deal completed. There was a 700 share sale of stock made as a result of Mr. Dawson's call.

Mr. Rose: Just a minute. I move that that be stricken as a conclusion and opinion of the witness.

(Testimony of Willard Eugene Warren.)

The Court: It may stand.

Mr. Rose: May an exception be noted?

The Court: Exception.

Q. By Mr. Lucas: How much money did that 700 share [926] deal involve?

Mr. Rose: I object to that as calling for a conclusion of the witness.

The Court: Answer.

The Witness: As near as I can remember it called for a difference between the deposit of \$275.00 and \$2100.00.

Q. By Mr. Lucas: Did you sell Mr. McCoy any more stock?

A. Yes, we did sell him some more, but I don't believe it was paid for; so, therefore, I don't know whether you would call that a transaction.

Q. Detail the transaction for us, will you?

A. Well, there was another amount of \$2100.00 worth of stock in addition to the first 700 shares, another 700 shares at \$3.00. I instructed Mr. Danziger to send to his bank draft attached for \$2100.00.

Q. Send to whose bank?

A. Mr. McCoy's bank, the bank he instructed it to be sent to. I was later advised by Mr. Danziger that he did not——

Mr. Rose: Just a minute. I move that be stricken as a conclusion, not the best evidence and no proper foundation laid.

The Court: Denied.

Mr. Rose: May an exception be noted? [927]

The Court: Allowed.

(Testimony of Willard Eugene Warren.)

The Witness: I was later advised the draft was not honored. I called Mr. McCoy at the time the draft was supposed to be at his bank, and he told me that he was making arrangements to try to pay the draft. And later I called him again after the draft went back, and he said that Mr. Dawson had promised him to have the funds there from the sale of the other 700 shares in order to lift that draft and when the funds did not develop from Mr. Dawson he was not able to pay that draft.

Q. By Mr. Lucas: Did you have any other conversations with Mr. McCoy after that?

A. I don't remember.

The Court: Afternoon recess.

(Whereupon a short recess was taken.)

Mr. Lucas: Now, Mr. Clerk, may I have Exhibits, 90, 91, 95 and 96, which are in for identification?

Q. By Mr. Lucas: I show you, Mr. Carter, what has heretofore been offered in evidence as the Government's Exhibit 96, for identification——

Mr. Rose: Just a minute. You say it was offered in evidence. You offered it for identification.

Mr. Lucas: For identification. I am sorry if I misspoke myself, Mr. Rose.

Q. By Mr. Lucas: ——and I will ask you if you have ever seen the document before? [928]

A. I have.

Q. And when did you first see it, to the best of your recollection?

(Testimony of Willard Eugene Warren.)

A. To the best of my recollection it was in the latter part of June, 1944.

Q. From whom did you receive it?

A. Mr. Danziger.

Q. Do you recall where you were when you received it?

A. That was mailed to my mother's address.

Mr. Rose: Just a moment.

The Witness: That was mailed to my mother's address.

Mr. Rose: I move that be stricken as a conclusion of the witness and not the best evidence.

The Court: Denied.

Mr. Rose: May an exception be allowed?

The Court: Exception.

Mr. Lucas: I offer this in evidence now as Government's Exhibit 96.

The Court: Admitted.

(The document referred to was marked as Government's Exhibit No. 96, and was received in evidence.)

Q. By Mr. Lucas: I show Government's Exhibit 95 for identification, and call your attention to the handwriting in pencil on the side of the letter and ask you if you can recognize the handwriting?

A. This is J. M. Danziger's handwriting. [929]

Q. Very well. Now, addressing your attention to the first page there on which the handwriting is, I will ask you if you have seen the entire document before as it now is.

A. Yes.

(Testimony of Willard Eugene Warren.)

Q. From whom did you receive that?

Mr. Rose: I object to that as calling for a conclusion and opinion of the witness.

The Witness: Mr. Danziger.

The Court: The objection is overruled. Now you may repeat the answer.

The Witness: Mr. Danziger.

Q. By Mr. Lucas: Still addressing your attention, Mr. Carter, to the remainder of Exhibit 95, there are two remaining separate sheets of paper from which a part, apparently the address, of each name has been removed. I will ask you, first, if you know who removed that part that has been removed from each letter.

A. Yes, I cut this out.

Q. Now, directing your attention to the two sheets from which you have cut out something, did you receive them through the mail?

A. Yes, I did.

Q. From whom did you receive it?

Mr. Rose: I object to that as calling for a conclusion and opinion of the witness, no proper foundation laid. [930]

The Court: Overruled.

The Witness: Mr. Danziger.

Mr. Lucas: I now offer what has heretofore been offered for identification, in evidence, to carry the number 95.

Mr. Rose: Just a second, counsel. I find there is an envelope attached to that exhibit. Are you offering that also?

(Testimony of Willard Eugene Warren.)

Mr. Lucas: I offer the envelope, yes.

Mr. Rose: How about getting a foundation about the envelope? The addressee appears to have been obliterated.

Q. By Mr. Lucas: I call your attention to the envelope which is attached to the exhibit, and call your attention to the fact that the address has been torn out, at least the greater portion thereof, only one or two letters remaining, and ask you if you can tell me whether or not you know anything about the tearing out of the address on the envelope?

Mr. Rose: Find out what is supposed to have been in there.

The Witness: I can't tell what the address was; but this is the envelope it was received in.

Mr. Rose: He has got an unintelligible answer. What was received in it?

The Witness: The contents, the exhibits here.

Mr. Rose: Very well. [931]

Mr. Lucas: I am not through with it yet, please.

The Witness: May I look at that again?

This envelope was received at 178 Willis Avenue, New York City, addressed to Mrs. Hattie Warren.

Mr. Rose: I move that be stricken, your Honor, as not responsive to any question, and a conclusion of the witness.

The Court: Denied.

Mr. Lucas: I now offer the entire document in evidence, including the envelope, and ask that it

(Testimony of Willard Eugene Warren.)

carry the number in evidence which it now has for identification.

Mr. Rose: To which objection is had upon the following grounds, severally, and respectively: One, that there is no proper foundation laid. Now, the foundation laid for its offer is that the contents which are now stapled to said envelope were the contents received in that envelope. The envelope has an obliterated address without any indication of the addressee of said envelope. The envelope on its face shows it was dated December 5, the top letter that your Honor is examining, the first one, is dated Tuesday the 6th, without any year, and the court takes judicial notice of the fact that there was no such thing as Tuesday the 6th of December in that year, and necessarily such communication couldn't possibly be enclosed in an envelope mailed the day previously; and the other two copies, with the obliterated addressees are not related [932] dates and, therefore, they are, for the reasons stated here, incompetent and inadmissible.

Mr. Lucas: I would like to be heard, if the court please.

I would have to have the exhibit before I can speak, your Honor.

(The exhibit was handed to Mr. Lucas.)

Mr. Lucas: First, with respect to the document "Tuesday the 6th," I call your Honor's attention to the fact that counsel omitted to call your Honor's attention to the fact that, namely, there is not only no year mentioned there, but there is no month,

(Testimony of Willard Eugene Warren.)

so it could be Tuesday the 6th, assuming that the writer thereof wrote it correctly as to the day of the week and the date of the month, and it could be any month preceding the month of December of any years. Second, that the second sheet is dated December 4th, 1939, the third sheet is November 4th, 1939, one month previously, the envelope which the witness identified as being addressed to his mother some place in New York bears a date December 5th, subsequent date to any date that is on the previous pages for the month of December, and therefore very logically the envelope could have contained, as stated by the witness, the enclosures.

Therefore, this exhibit could have logically and clearly have been received by him and could have contained the contents thereof. [933]

Mr. Rose: I don't want to take up the time of your Honor arguing suppositions and so forth. There has been no testimony whatever on the part of this witness about these two subjects here with the obliterated address. The purported addressees of these two letters of November 4, 1939, and December 4, 1939, are persons concerning whom not a word has been uttered by this witness. That is why I had in mind, in addition to the other objections, the grounds therefor, that they are immaterial in addition to the other objections and no foundation has been laid.

The point is that we have a typewritten thing that may well have been typed onto the penciled memorandum, with no relationship to any particu-

(Testimony of Willard Eugene Warren.)

lar transaction, and there is no year or identity as to where this thing was allegedly typed, nor by whom. As I pointed out to your Honor, we can speculate and resort to conjecture to an unlimited degree, but there are no foundational facts here to tie in this Tuesday the 6th thing with anything, and the witness now has testified that for some reason he received it in an envelope, obliterated, on a date. If he says it may have been any year, of course it may have similarly—it may be something that has been copied by this witness or some confederate of his or anything else.

The Court: What count does this refer to?

Mr. Lucas: This refers to no particular count, but I do want to point out to the court, perhaps we have all [934] overlooked it, and I should have called it to the attention of the court sooner, that the first sheet of this, to-wit, that bearing the legend “Tuesday the 6th” was identified by the expert as having been written on the same typewriter as this here, Exhibit 96, and the witness said of both of these, that they were typed on the same typewriter, and, further, that they were typed on the same typewriter as that used in Exhibit 70 and 85, the same being letters——

The Court: That is enough talk about this. The exhibit is admitted.

Mr. Rose: May an exception be noted?

The Court: Exception allowed.

The Clerk: 95 for identification is in evidence.

(The document referred to was marked as

(Testimony of Willard Eugene Warren.)

Government's Exhibit No. 95, and was received in evidence.)

Mr. Lucas: If the court will indulge me, I have a post office inspector here, and I would like to excuse this witness and ask Mr. Webster to take the stand for a moment.

(Witness temporarily withdrawn.)

C. E. WEBSTER,

called as a witness by and on behalf of the government, having been first duly sworn, was examined and testified as follows:

The Clerk: State your name for the record.

The Witness: C. E. Webster.

Direct Examination

By Mr. Lucas:

Q. What is your business or occupation, Mr. Webster? A. Post Office inspector.

Q. How long have you been such?

A. 41 years.

Mr. Rose: Don't take up any time. We will stipulate he is qualified to testify to postal rules and regulations and practices, without any additional foundation.

Mr. Lucas: Thank you for that stipulation, and I will accept it.

Q. By Mr. Lucas: I asked you or caused you

(Testimony of C.E. Webster.)

to be asked to bring a sample of a United States Postal Money Order. Have you brought such?

A. I have.

Mr. Lucas: I ask that this be marked for identification——

The Witness: Pardon me. I have withdrawn that from the records of the post master at Los Angeles for this particular purpose, and I am not permitted to leave it.

Q. By Mr. Lucas: Mr. Webster, can you tell me whether or not when a Post Office Money Order is bought by anyone at the Post Office and sent to a person, whether or not that which is given to the person buying the Post Office Money Order shows or has on it that part of the Post Office [936] Money Order or coupon showing the name of the person buying the money order? A. It does.

Q. Will you pick that up and illustrate your remarks to the court there, showing that part which is retained by the issuing office, that which is given to the purchaser, and that which is retained by the final office that pays?

A. A blank money order consists of four portions, numbered 1 to 4. Beginning on the left-hand edge of this document, the first portion is marked stub, and is withdrawn and retained by the issuing post master; the second and third portions are handed to the purchaser, and on the third portion is a place under the name of "Remitter" where the name of the remitter and the address is found; the fourth portion is the receipt given to the pur-

(Testimony of C.E. Webster.)

chaser of the money order and is to be retained by them.

Mr. Lucas: Does that clarify that situation, your Honor?

The Court: Well, your photostats don't include part 3.

Mr. Lucas: No.

Q. By Mr. Lucas: When that Post Office Money Order is cashed, is there anything done with that?

A. Yes, sir; the third portion of this order is withheld by the paying postmaster as his office record showing payment of the order; the second portion is sent by [937] that paying postmaster to the central accounting office in Washington in support of his claim for reimbursement.

Q. The separation is made at the point here where it says "Paying postmaster detach coupon on this line?"

A. That is true.

Mr. Lucas: Any questions, Mr. Rose?

Mr. Rose: No, I think this man knows what he is talking about.

Mr. Lucas: You may step down, Mr. Webster, and thank you for coming.

(Witness excused.)

Mr. Lucas: Now, will you resume the stand, Mr. Carter?

WILLARD EUGENE WARREN

(WARREN C. CARTER),

resumed the stand as a witness on behalf of the government and, having been previously duly sworn, testified further as follows:

Direct Examination (Continued)

By Mr. Lucas:

Q. I show you, Mr. Carter, Government's Exhibit 91, for identification, and ask you if you recognize the signatures thereon, and particularly the signature of Faulkner, Faulkner, Faulkner, Danziger, Faulkner, Faulkner, and Faulkner, as being the signatures of the persons.

Mr. Rose: I submit it calls for a conclusion and opinion of the witness, no foundation laid. This is an attempt to qualify this witness, in addition to his other [938] talents, as a handwriting expert.

The Court: Who received these letters?

Mr. Lucas: I will check with Mr. Mainland.

The Court: Who are these letters addressed to?

Mr. Lucas I will withdraw the exhibit, if the court please, temporarily at least.

Q. By Mr. Lucas: I show you Government's Exhibit 71 and ask you to look at that part of the exhibit, being a letter on plain stationery, the top of which says "Charles E. Mills, Wilmington, Delaware, Wake Development Company, Los Angeles, California;" I call your attention to the handwriting on the second sheet of that letter, and over on

(Testimony of Willard Eugene Warren.)

the reverse side of that second sheet, and ask you if that isn't the handwriting of Mr. Danziger?

Mr. Rose: I don't understand this at all, counsel. Apparently you are not satisfied with an unqualified stipulation. You asked me here yesterday whether I would stipulate wherever the handwriting of Danziger appears in any of these exhibits that have been received in evidence, that it is his handwriting. Now, there were no ifs, buts, or qualifications attached to it. Now, I certainly think that I can take issue with you that this witness can identify the handwriting according to the rules of evidence, but I don't know why you take the time to qualify him as a handwriting expert, when you have my unqualified stipulation [939] and these things are in evidence, and I haven't attempted to withdraw my stipulation.

Is there any question, your Honor, that I have stipulated that any writing that bears the signature of Danziger or purported signature in any of these exhibits is, in fact, his handwriting?

Mr. Lucas: The part I directed the attention of this witness to, Mr. Rose, did not happen to be a signature, but handwriting. However, I will take full opportunity of your offer and ask you to look at this handwriting to which I directed the attention of the witness and ask if that is Mr. Danziger's handwriting.

Mr. Rose: I told you at the very beginning if there is any question of any handwriting here you won't have to qualify any expert. It is.

(Testimony of Willard Eugene Warren.)

The Court: Mr. Rose says it is.

Mr. Lucas: I will accept that, then.

Q. By Mr. Lucas: Showing you a still further portion of Exhibit 71, I direct your attention to another piece of stationery, the top of which is "Wilmington, Delaware, November 15th" '37, and direct your attention to three words in pencil at the top of that, "For your file," and ask you if that is your handwriting? A. It is.

Q. When did you first receive that letter?

A. I received this letter during 1937 while making arrangements for the sale of Trinidad International Petroleum [940] stock with a Mr. Mills in Wilmington, Delaware. The letter was sent to me by Mr. Danziger to show me what Mr. Mills had written to him. And I later sent it back to him along with other letters; made a notation on this letter "For your file."

Mr. Rose: I move it be stricken on the ground it is a conclusion and opinion of the witness, no proper foundation laid.

The Court: Motion is denied.

Mr. Rose: May an exception be noted?

The Court: Exception allowed.

Mr. Rose: May I add to that objection, your Honor, that the same is remote and immaterial, being an item of November 15th, 1937, and it doesn't pertain to any issuable fact in this proceeding.

The Court: What is its relevancy, Mr. Lucas?

Mr. Lucas: The relevancy is to show the scheme and device and the conspiracy, and the exchange

(Testimony of Willard Eugene Warren.)
of correspondence between Mr. Danziger and Mr. Carter in exchanging communications from the persons to be defrauded, and the exchange back and forth when Mr. Danziger received a letter such as this from this man he sent it to Mr. Carter, Mr. Carter read it, digested its contents and sent it back; or in those instances, as shown by the evidence, where he didn't receive the original document, he received typed copies.

The Court: Objection is overruled. [941]

Mr. Rose: May an exception be noted?

The Court: Exception is allowed.

Q. By Mr. Lucas: Was this arrangement between you and Mr. Danziger and the Wake Development Company with respect to exchanging correspondence containing the original letters from persons or copies thereof ever changed from the beginning until your operations ceased?

Mr. Rose: I object to it as leading and suggestive, calling for a conclusion and opinion of the witness, no proper foundational facts being present.

The Court: He may answer.

Mr. Rose: May an exception be noted?

The Court: Allowed.

The Witness: It was in continuous operation until I ceased selling the stock or working on the deal.

Mr. Lucas: Will your Honor pardon me just a moment? I am just about cleaning up with this witness, and I don't want to overlook anything.

The Court: I won't ask you to begin your cross-

(Testimony of Willard Eugene Warren.)

examination until tomorrow, if that is more convenient for you, Mr. Rose, regardless of when he finishes. Should he finish in a few minutes, I won't ask you to begin your cross-examination until tomorrow, if that is more convenient to you.

Mr. Rose: Frankly, it might expedite matters, your Honor, because your Honor observes I work extemporaneously, [942] and I might, if I have a little time, to mull over this thing, be able to cut this examination extensively.

Q. By Mr. Lucas: Mr. Carter, I show you Government's Exhibit 68, in evidence, and direct your attention to a part of the exhibit bearing at the top the legend "O. T.—We have not answered this—please instruct," and ask you if you have seen the letter before? A. Yes, I have.

Q. From whom did you receive the letter?

Mr. Rose: I object to that as calling for a conclusion and opinion of the witness, not the best evidence, and no proper foundation laid.

The Court: He may answer.

The Witness: Mr. Danziger.

Mr. Rose: May an exception be noted?

The Court: Exception is allowed.

Q. By Mr. Lucas: I call your attention now to——

Mr. Rose: What is the date of that letter?

Mr. Lucas: The letter itself has no date that I can see on it; it bears this, it starts out with, "On July——

(Testimony of Willard Eugene Warren.)

Mr. Rose: What is the date? If it has no date, then I have the answer.

Mr. Lucas: It has no date.

Mr. Rose: Well, that settles it.

Mr. Lucas: I merely thought you were looking for information. [943]

Mr. Rose: I was. I wanted to know if it had a date on it.

Q. By Mr. Lucas: Still calling your attention to that part of the exhibit, you find in the lower left-hand corner of this letter in a circle in pen and ink the words, "Over" and then the initials "O. T.;" in whose handwriting is that?

A. That's mine.

Q. All right. On the back we find the following legend, "Answer this fellow same as you did the Lima, Ohio, fellow, brief and short and curt. O. T." In whose handwriting is that?

A. That is in mine.

Q. Below the initials "O. T." we have the further legend "Continue mail c/o Thomas Kane, Phil.;" in whose handwriting is that?

A. That is in mine.

Q. I will ask you after you had placed these various inscriptions or writings on the letter, what did you do with it?

Mr. Rose: I presume since the record evidence shows from Mr. Mainland, that this file was handed to him by Mr. Danziger, that it was received here in Los Angeles. Or do you think you ought to prove that?

(Testimony of Willard Eugene Warren.)

Mr. Lucas: I would rather have the answer of of the witness, Mr. Rose. [944]

Mr. Rose: All right.

The Witness: I returned this to Mr. Danziger and the Wake Development Company at Los Angeles.

Q. By Mr. Lucas: I show you, after having first shown to counsel——

Mr. Rose: Is there anything here that hasn't got something removed from it?

Q. By Mr. Lucas: ——a portion of a yellow second-sheet, the top legible word is "Philadelphia, Pa." and below that the words "no date," and below that "Trinidad International Pet.;" and ask you if you have ever seen that before.

A. Yes, I have seen this before.

Q. And how did you receive it, and when?

A. This is one of the yellow second-sheets I received from Mr. Danziger.

Q. Do you recall approximately when you received it?

Mr. Rose: Wait a minute. I move that answer be stricken as a conclusion of the witness.

The Court: Denied.

Mr. Rose: May an exception be noted?

The Court: Allowed.

Q. By Mr. Lucas: On the reverse side of the paper I have just shown you there are some figures and handwriting; is any part of that in your handwriting?

A. Yes, it looks like all of it is mine, figuring.

(Testimony of Willard Eugene Warren.)

Q. And this document which I have shown you has the type name at the bottom "Lehman Kuhl, Box 102, Station A, Flushing, New York"; I will ask you if that is the same—did you call on that man?

A. My recollection is I had—yes, my recollection is I did call on him, but not right away after receiving this.

Q. Can you tell me if the name Lehman Kuhl, Box 102, Station A, Flushing, New York, is the same Lehman Kuhl mentioned in Government's Exhibit 68?

Mr. Rose: I object to that as calling for a conclusion and opinion of the witness, no proper foundation laid.

The Court: What are those two documents, Mr. Lucas?

Mr. Lucas: Exhibit 68 is already in evidence. It is the correspondence between this man Lehman Kuhl and Wake Development; and this, as the witness has already said, was a typed copy of a letter that Wake received from Mr. Lehman Kuhl and typed and sent to this witness.

Mr. Rose: That is what you just told us.

Mr. Lucas: Pardon me; that is what the witness just told us.

Mr. Rose: I heard the witness' testimony.

Mr. Lucas: The confusion arises, your Honor, because we have here B. J. L-e-h-m-k-u-h-l, one word, Box 102, Station A, Flushing, New York, and in that typed copy it seems to be two words, Lehman

(Testimony of Willard Eugene Warren.)

Kuhl. I ask that the carbon [946] copy be marked as the government's exhibit next in order.

The Court: Let the documents speak for themselves.

Mr. Lucas: I have not heretofore offered it. I now offer it.

The Court: It may be marked.

Mr. Rose: I call your Honor's attention to this: counsel has characterized this as a second-sheet. It obviously is nothing of the kind; it is an original typewritten memorandum made by some man named Kuhl, so far as we know, and it has no date, and——

The Court: Is Kuhl named in one of the counts?

Mr. Lucas: I want to make a further observation, your Honor.

The Court: Is he named in one of the counts?

Mr. Lucas: No; he is named as one of the parties to be defrauded, I think. Mr. Mainland——

Mr. Rose: Let me point out—let me finish my objection.

Mr. Lucas: I am sorry, Mr. Rose.

Mr. Rose: If his Honor overrules it he always allows me an exception, so I would like to at least be able to present my views. I want to call your Honor's attention—I do not mean to indicate that your Honor is not probably catching this a lot faster than I do, but I want to call your Honor's attention to why I have been objecting to this form of leading and suggestive inquiries and the words placed in the mouth of the witness by inquiring

(Testimony of Willard Eugene Warren.)
counsel. Now the undisputed evidence in this case at this time overwhelmingly established here is that Mr. Danziger was in New York City and was transacting business at that time in New York City. Now, he says, "from whom did you receive this?" and he is referring to this yellow sheet of paper. And this witness says he received it from Mr. Danziger, without telling us where or how, whether it was through the mail or anything at all. And that is the type of ghosts we have been running into here. Now, it is obvious that Mr. Danziger didn't write this thing here. When your Honor examines the other papers you will see that an inquiry has gone forward to the Wake Development Company in Los Angeles, and this is evidence. That is what I have been so persistent upon, your Honor, is this constant effort on the part of counsel to suggest to him that he got that from Danziger, without giving us a word. There isn't anything before your Honor, except sheer surmise and speculation, with respect to this particular exhibit, and yet we have an unqualified assertion on the part of this witness that he received this thing here, this particular paper from Danziger.

I would like to hear your observation on that now before you get too much time to confer with the witness on the subject.

Mr. Lucas: There is no implication about that, is there? [948]

Mr. Rose: No, I am not attributing any bad motives to you.

(Testimony of Willard Eugene Warren.)

Mr. Lucas: Is there any implication in connection with that remark about conferring with the witness?

Mr. Rose: You have a right to confer. As a matter of fact, I would criticize you if you didn't.

Mr. Lucas: Now, if the court will bear with me just a moment. This letter that counsel offered to stipulate was received here in Los Angeles, and about which this witness is testifying, is a letter by Mr. Lehman Kuhl to the Trinidad. I avow that the document I just offered is a typewritten copy of this very letter here. That is the purpose of the offer, to show, as the witness states, that he received this original, made his notations and mailed it back, and in due course of time received a typed copy for his files. If your Honor——

The Court: It is admitted. [949]

Mr. Lucas: ——will examine it and find it different than I have stated, I will withdraw the offer.

The Court: It is admitted.

The Clerk: Is this part of 68?

Mr. Lucas: No. Give it a new number. Let it have its own distinction.

The Clerk: 107 in evidence.

(The document referred to was marked as Government's Exhibit 107, and was received in evidence.)

Mr. Lucas: Let the record show that I am showing counsel four or five sheets of paper before examining the witness about them.

(Testimony of Willard Eugene Warren.)

Mr. Rose: It seems to me that either this or one similar to it is already in evidence.

Mr. Lucas: I think you are right, Mr. Rose.

Mr. Rose: I don't quite get it. Go ahead, show it to him, and let's see if we can make a little headway. I may be in error, but my impression is that you have got one of those letters already in evidence. Haven't you, Mr. Mainland?

Mr. Lucas: I am rather inclined to think that we have.

You having examined the documents, Mr. Rose, I will ask you if your stipulation which you have entered into concerning the signature applies to the letter which I now hand you under date of July 12, 1937?

Mr. Rose: Yes. [950]

Mr. Lucas: I offer this in evidence as the government's exhibit next in order.

The Court: Admitted.

The Clerk: 108.

(The document referred to was marked as Government's Exhibit 108, and was received in evidence.)

Mr. Lucas: I now show you a letter you previously examined, on the letterhead of Oil Royalties Investment Trust, and ask you if our stipulation will extend to and include the initials at the bottom of that letter as being the initials of Mr. Danziger?

Mr. Rose: Yes.

Mr. Lucas: I offer this as the government's exhibit next in order.

(Testimony of Willard Eugene Warren.)

Mr. Rose: I am going to object to that. Let's find out when it was sent. I don't even know the year.

Mr. Lucas: I will withdraw that offer temporarily.

Mr. Rose: Let's find out if this man is supposed to have received that; and if he has, when?

Q. By Mr. Lucas: I show you, Mr. Carter, after having shown it to counsel, a letter on the letterhead of Oil Royalties Investment Trust, Ltd., bearing the legend "Dec. 18" and signed with the initials "JMD", which counsel has stipulated is Mr. Danziger's handwriting, and ask you if you can tell us whether or not you have seen that letter [951] before? A. Yes, I have.

Q. Are you the person to whom it is addressed?

A. Yes.

Q. And can you tell us approximately when you received it?

A. It is my opinion that it was in 1938.

Q. That is your best recollection?

A. That is.

Mr. Lucas: I offer that as the government's exhibit next in order.

Mr. Rose: I object to it on the ground that there is no proper foundation laid, the same is remote, doesn't pertain or relate to any transaction in which there is any issuable fact in this trial.

Mr. Lucas: May I make this observation? I believe the letterhead "Oil Royalties Investment Trust" is referred to in the sworn testimony of Mr.

(Testimony of Willard Eugene Warren.)

Danziger that has been read into the evidence, your Honor.

Mr. Rose: It involved an entirely different transaction with some British syndicate, and so forth.

Just because you asked somebody something when there is nobody there to object, it doesn't open the channel, according to my views of evidence, to all collateral transactions.

Do you want me to go into the subject of that deal that [952] was pending at that time? I would be glad to.

My point, your Honor, is that it is merely a very minor communication involving a program, a proposed program that has nothing to do with this transaction at all. My point is if we go into that thing at all, your Honor, I would have to show that there was a proposal at that time to set up a syndicate with British interests and so forth.

It has nothing to do with this other matter at all.

The Court: It is admitted.

Mr. Rose: May an exception be noted?

The Court: Exception is allowed.

The Clerk: 109.

(The document referred to was marked as Government's Exhibit 109, and was received in evidence.)

Q. By Mr. Lucas: I show you a letter on the letterhead of Park Lane Hotel, Picadilly, London, addressed to "My Dear Old Timer"; is that addressed to you?

(Testimony of Willard Eugene Warren.)

Mr. Rose: I object to that as calling for a conclusion and opinion of the witness.

Q. By Mr. Lucas: Just answer the question, please, Mr. Carter.

Mr. Rose: Is there a ruling on that, your Honor?

The Court: He may answer.

Mr. Rose: May I have an exception?

The Court: Exception.

A. This is addressed to me. [953]

Q. By Mr. Lucas: Did Mr. Danziger in his correspondence with you address you as "Old Timer"?

Mr. Rose: I object to that on the ground that the correspondence is the best evidence. It calls for a conclusion of the witness.

The Court: He may answer.

Mr. Rose: May I have an exception noted?

The Court: Exception.

A. He did.

Q. By Mr. Lucas: Are the initials "OT" an abbreviation for "Old Timer" that is used between you and Mr. Danziger in correspondence?

Mr. Rose: I object to that as leading and suggestive, calling for a conclusion and opinion of the witness.

The Court: He may answer.

Mr. Rose: May an exception be noted?

The Court: Exception.

Q. By Mr. Lucas: Will you answer the question, Mr. Carter?

(Testimony of Willard Eugene Warren.)

A. Yes, it refers to "OT", Old Timer does. Is that the question?

Mr. Lucas: Will you repeat the questions, please, Mr. Reporter?

(The following question was read: "Are the initials 'OT' an abbreviation for 'Old Timer' that is used between you and Mr. Danziger in correspondence?") [954]

The Witness: Yes, it is.

Q. By Mr. Lucas: Referring to the letter I have just handed you, from whom did you receive that letter?

Mr. Rose: I object to that as calling for a conclusion and opinion of the witness.

The Court: Overruled.

A. I received this letter from Alda Faulkner, along with a letter of explanation as to its source, advising me that this was a copy of a letter which Mr. Danziger had sent me to a Philadelphia address.

Q. And you had received the Philadelphia letter, too, had you not?

A. Yes, I did. And there was another sheet along with this, a pink sheet, along with this letter, with some notations from Alda Faulkner.

Mr. Lucas: I think the witness is confused——

The Court: Are you now testifying, counsel? You remember you have been sworn?

Mr. Lucas: Yes, I recall that very distinctly, Mr. Rose.

I ask that this "Old Timer" letter be made a part of Exhibit 105, because it has therein the dup-

(Testimony of Willard Eugene Warren.)

licate one which was sent to Philadelphia, and the other sent to some other address, both of which were received by the witness as testified to as intended by the sender of the letter.

The Court: That may be done. [955]

The Clerk: It is part of 105.

(The documents referred to were received in evidence and made a part of Government's Exhibit 105, in evidence.)

Mr. Lucas: Now, I show you, counsel, some papers.

Mr. Rose: Let me see those last exhibits, please?

(Exhibits were handed to Mr. Rose.)

Mr. Rose: I want to correct the record while we are at this point. Your Honor, the defendant Danziger just called my attention to Exhibit 108, and he states to me that the written signature that purports to be affixed to this communication is not his handwriting. I just held it up at a distance with some other papers——

The Court: You want to withdraw your stipulation?

Mr. Rose: I want to withdraw my stipulation as to that, because he called my attention to that himself.

The Court: It may be done.

Mr. Rose: Very well.

Mr. Lucas: Then may I ask leave of the Court to withdraw the exhibit in its entirety, to make up

(Testimony of Willard Eugene Warren.)
my mind with respect to expert testimony on it,
or to re-offer it for some other reason?

The Court: Withdrawn.

Mr. Rose: Just a moment.

Mr. Lucas: I will withdraw the exhibit.

The Court: Withdrawn. [956]

Q. By Mr. Lucas: I show you, Mr. Carter, two sheets of paper attached to an envelope, the first sheet bears a cut out section there; can you tell me, first, whether you have seen these before?

A. Yes, I have.

Q. From whom did you receive them?

Mr. Rose: I object to that as calling for an opinion and conclusion of the witness, no proper foundation laid.

The Court: He may answer.

Mr. Rose: May an exception be noted?

The Court: Exception.

A. These are copies of letters sent to me from Los Angeles.

Q. By Mr. Lucas: I direct your attention to the handwriting on the bottom of the first page which says, "Dear OT—Nothing else new. Regards. JMD"; do you know in whose handwriting that is?

A. To the best of my knowledge it is Mr. Danziger's.

Q. And the second sheet bears a signature, "A. Faulkner"; can you tell in whose handwriting that is?

(Testimony of Willard Eugene Warren.)

A. It looks like Mr. Danziger's handwriting to me.

Mr. Rose: I move that be stricken as a conclusion of the witness.

The Court: Stricken.

Mr. Lucas: I offer this in evidence as government's exhibit next in order. [957]

Mr. Rose: I object to it on the ground it is irrelevant and immaterial, no proper foundation laid, and incompetent.

The Court: Admitted.

Mr. Rose: May an exception be noted?

The Court: Exception.

The Clerk: No. 110.

(The document referred to was marked as Government's Exhibit 110, and was received in evidence.)

Mr. Lucas: May I have Exhibit 72 for a moment, Mr. Clerk?

The Court: You can finish up in the morning.

(Whereupon, at 4:30 o'clock p. m., Thursday, January 25, 1945, an adjournment was taken until Friday, January 26, 1945, at 10:00 o'clock a. m.) [958]

Los Angeles, California,

Friday, January 26, 1945, 10 a. m.

The Clerk: 15173, United States of America vs. Jacob Morris Danziger.

Mr. Lucas: Ready for the government.

WILLARD EUGENE WARREN

(WARREN C. CARTER)

resumed the stand as a witness on behalf of the government and, having been previously duly sworn, testified further as follows:

Direct Examination (Continued)

By Mr. Lucas:

Q. I show you, Mr. Carter, after having first shown to counsel, two sheets of paper stapled together, the first one a yellow second sheet under date of October 20, 1939, the second, a white second sheet under date of October 25, 1939; I ask you to examine them and tell me whether you have ever seen them before. A. Yes, I have.

Q. From whom did you receive them?

Mr. Rose: I object to that as calling for a conclusion and opinion of the witness, no proper foundation laid. I have in mind, your Honor, that if he received it in the mail that should be indicated. The inference here is—he has altered his modus operandi here from the inception of his testimony to subsequently by volunteering “Mr. Danziger”. At one time he was talking about Wake Develop-

(Testimony of Willard Eugene Warren.)
ment Company. [960] Now, if he received that we ought to know, first, whether he received it in the mail or whether he received it from some individual; then I could submit an objection that would have some substance to it, because it will be clear what the objection is directed to. He keeps asking from whom did you receive it. If he got it in the mail, there is no way in the world of this man knowing who dropped it in the mail.

The Court: Did you get it in the mail?

The Witness: Yes, I did.

The Court: Now, your next question.

Q. By Mr. Lucas: Now, Mr. Carter, I direct your attention to the second sheet——

The Court: Your question is unanswered. He said he got it in the mail. Your question of from whom he received it is unanswered.

Mr. Lucas: Thank you, your Honor.

Q. By Mr. Lucas: From whom did you receive it, Mr. Carter?

Mr. Rose: I object to that as calling for a conclusion and opinion of the witness, no proper foundation laid.

The Court: He may answer.

Mr. Rose: May an exception be noted?

The Court: Exception allowed.

A. I received this from Mr. Danziger and the Wake Development Company.

Q. I direct your attention to the second sheet and [961] to the penciled notation at the top thereof

(Testimony of Willard Eugene Warren.)

in handwriting, there appears "OT Hope this OK JMD"; do you know in whose handwriting that is?

A. To the best of my knowledge that is Mr. Danziger's.

Q. Now, I direct your attention to the second sheet beneath the words "Harry R. Houston Esq.", there is a section of the page that is cut out, and I ask you if you know how that was removed and by whom? A. I cut it out.

Mr. Lucas: We offer this in evidence, if the Court please, as Government's exhibit next in order.

The Court: Admitted.

The Clerk: 111.

(The document referred to was marked as Government's Exhibit 111, and was received in evidence.)

Q. By Mr. Lucas: Yesterday afternoon, Mr. Carter, I showed you Government's Exhibit 17, the first six photostatic copies of United States postal money orders, there being ten in the exhibit, and asked you to identify them and other questions; I now ask you from whom you received the money represented by those first six photostatic copies of United States money orders.

Mr. Rose: To which objection is had on the ground it has been answered at least three times.

The Court: Once.

Mr. Rose: It was answered once, yes, your Honor. [962]

(Testimony of Willard Eugene Warren.)

Mr. Lucas: It was stricken once, your Honor, and I wasn't clear.

The Court: Then he answered it. Then you went back to it.

Mr. Lucas: I wasn't clear on the subject, and I wanted to have it clarified in the record if there was any doubt.

Q. By Mr. Lucas: I show you, Mr. Carter——

Mr. Lucas: Are we going to wait for another answer, your Honor?

The Court: No.

The Witness: I didn't answer this.

Mr. Lucas: The Court said that you did, and I am satisfied that the Court's recollection is correct.

The Witness: I meant just then.

The Court: Five hundred thirty-odd dollars.

Mr. Lucas: Five hundred thirty even.

Q. By Mr. Lucas: Mr. Carter, I show you Government's Exhibit 72, in evidence, and direct your attention to a part of that exhibit on the letterhead of the law offices of Hering, Morris & James, Wilmington, Delaware; there is certain handwriting——

Mr. Rose: Has that been exhibited to me?

Mr. Lucas: It must have, or it wouldn't be in evidence, Mr. Rose.

Q. By Mr. Lucas: (Continuing) ——hand-writing as follows: "Since he has been so cute as to direct to you [963] personally I would answer him personally and let him know who and what your antecedents were for twenty years and also who the others are and use your own judgment

(Testimony of Willard Eugene Warren.)

J. M. Maybe I am a little impetuous and sore"; I will ask you to examine that handwriting and tell me whose handwriting it is, if you know.

A. This is my handwriting.

Q. By Mr. Lucas: Do you recall what you did with the letter after the handwriting was placed thereon?

A. I sent this to Mr. Danziger through the mail in care of the Wake Development Company in Los Angeles.

Mr. Lucas: You may cross examine, counsel.

Cross Examination

By Mr. Rose:

Q. You have indicated here, at the inception of your testimony, that your true name is Warren?

A. That is correct.

Q. Now, you were arraigned on the charges in this indictment in the department presided over by Judge Harrison, do you recall that?

A. I do.

Q. At that time you were asked by the Clerk whether your true name was Carter, and you responded that it was; is that correct?

A. Yes, with an explanation.

Q. That is what you said. You didn't give any [964] explanation to Judge Harrison or to the Clerk, did you, you merely said that was your true name?

A. I meant it was the name in the indictment.

Q. Wait a moment. Didn't you do that? Will you answer the question?

(Testimony of Willard Eugene Warren.)

A. Yes, with an explanation.

Mr. Lucas: I take it, your Honor, the witness wants to explain his "Yes" answer.

The Court: You just stay right there, and I will run this.

Q. By Mr. Rose: You were asked by opposing counsel here whether you were convicted in the State of Illinois, and you indicated that you had been, is that correct? A. That's right.

Q. You were tried, were you not, in that case under the name of William Carmen?

A. That's right.

Q. And the sentence was imposed on you under the name of William Carmen, is that correct?

A. Yes, with an explanation. I was tried under four names or more, besides William Carmen.

Q. Were you tried under your true name?

A. No, sir.

Q. You say you were born where?

A. Robinson, Illinois.

Q. When were you apprehended in this matter?

A. Which one do you mean?

Q. The proceedings that are now taking place in connection with these charges.

A. About October 20 in New York City, 1944.

Q. Was that a place of residence of yourself?

A. It is my mother's home.

Q. Prior to your apprehension on that date had you indicated to anyone your disposition to appear and face trial here? A. I did not.

Q. You have been represented in this proceed-

(Testimony of Willard Eugene Warren.)

ing by an attorney named Ames Peterson; when did you first meet him?

A. About a month after I was placed in the County Jail here in Los Angeles.

Q. Upon your being booked here, you engaged no counsel for a period of a month, is that it?

A. Somewhere near that.

Q. You entered a plea of guilty to one count here after you had first entered a plea of not guilty. Now, when had you first discussed the subject of entering a plea?

A. Oh, I think that was probably—probably a week or ten days after I had engaged counsel.

Q. I am not trying to pry into the subject of your relations with your counsel, but may I ask you whether you ever knew of Ames Peterson before he visited you in the jail? [966]

A. No, I did not.

Q. Did you have someone arrange with him to call on you? A. Yes, I did.

Q. Who was it?

A. Mr. Maxine Smith, another attorney.

Q. Where does he reside?

A. He is an attorney here in Los Angeles.

Q. Had he called on you first?

A. Yes, he had.

Q. In your preliminary discussions respecting the matter being represented by counsel, was the subject approached that it would be possible to arrange, if you would turn government's witness here, for elimination of most of the charges?

(Testimony of Willard Eugene Warren.)

A. Certainly not.

Q. You never knew that that was going to be the case, did you? A. No, I didn't.

Q. It came as a sheer surprise to you?

A. No, it wasn't a surprise.

The Court: Mr. Rose, that was my action.

Mr. Rose: What was that?

The Court: What you are talking about.

Mr. Rose: Your Honor, I didn't know anything before.

The Court: You were here. [967]

Mr. Rose: I am not referring to that. I have in mind—I will explain my position.

The Court: You don't need to. I just wanted to remind you it has been a long trial and you might have forgotten. At the opening of the case the government wanted to try this case against Danziger and defer this trial on the charges of not guilty pleas, and I declined to permit that, and the government said, further, that at the end of the trial they expected to dismiss those counts as against the witness, and I said we would go to trial on all of the counts against both of the defendants now, and the United States Attorney then, after consultation with somebody at the counsel table, moved to dismiss presently—I mean at that time—the other counts.

That is a correct recital of what happened?

Mr. Lucas: That is my recollection.

Mr. Rose: That is precisely what happened, your Honor.

(Testimony of Willard Eugene Warren.)

The Court: That was solely my action, Mr. Rose.

Mr. Rose: Yes, your Honor. But what I had in mind was—I am trying to canvass the subject in a limited way, whether the prospects of that being accomplished was discussed with him before he came into court, that is what I had in mind.

The Court: I don't know how the word "prospects" could be applied to it, because what was done was solely my action; nobody had ever discussed it with me, and I had no idea when [968] I came in to begin the trial of the case that the government was going to take the position it did, that it might be allowed to go to trial against Mr. Danziger alone, and the decision I made was made at the moment.

Mr. Rose: Maybe I am a little confused myself, your Honor, about what I have in mind here. There isn't any question that what your Honor indicated is unequivocally what has happened. What I was getting at was, frankly, whether he discussed that he thought he could get the co-operation of the United States Attorney to move for a dismissal of all of the counts except one in the event he turned states evidence. That is what I was merely getting at, your Honor.

The Court: I will give you a very wide range of cross examination with this witness, Mr. Rose.

Mr. Rose: Thank you.

Q. By Mr. Rose: When you entered a plea of not guilty to these charges, you intended at that

(Testimony of Willard Eugene Warren.)

time, did you, to controvert the charges contained in the indictment?

A. Will you please explain what "controvert" means?

Q. Did you admit the charges contained in the indictment, or did you claim that they were not true when you entered a plea of not guilty?

A. I didn't make any statement.

Q. Well, did you intend to stand trial in the beginning when you entered a plea of not guilty?

A. To tell you the truth, I didn't know what I was going to do.

Q. Did a discussion come up that it would be to your best interests, since you are a fugitive from a judgment of imprisonment in Illinois, that you might as well get off as lightly as possible by taking a plea to one count?

A. No, it didn't occur to me that way.

Q. Well, was it discussed?

A. No, I had no one to discuss it with. I had no counsel.

Q. You had a counsel when you entered a plea of not guilty, didn't you?

A. No, I entered a plea of not guilty, I think, in the very beginning in Judge Harrison's court room, to the best of my recollection. I didn't have any counsel then. Maybe I might be a little bit confused about the proceeding; I was up a couple of times without counsel.

Q. Well, was the subject discussed that it would be to your advantage to enter a plea to one count

(Testimony of Willard Eugene Warren.)

and then perhaps the government's attorney might consider asking the Court to dismiss the other charges if you plead to one and turned states evidence?

A. No, it wasn't discussed. I don't know how it could be discussed, I had no one to discuss it with.

Q. You told me that you were first visited by an attorney here who recommended Mr. Ames Peterson. [970]

A. I had seven attorneys visit me.

Q. Without being requested to?

A. No. I was looking for an attorney.

Q. You were——

A. I wrote to the Bar Association to send me some attorneys. I had nobody to direct me. It was through a chain of circumstances, I finally eliminated and finally got an attorney who I thought I could depend on his advice.

Q. Were you informed that your attorney had formerly been connected with the United States Attorney's office?

A. No, I didn't know it when I hired him.

Q. Did you learn it at any time?

A. I learned it afterward. I heard it afterward, but my attorney didn't even tell me himself.

Q. Well, when you were informed that he had been connected with the United States Attorney's office you learned that before you decided to enter a plea to one count, isn't that correct?

A. No, I don't think so. I think I expressed the opinion to my attorney that I didn't see how

(Testimony of Willard Eugene Warren.)

in the world that I could possibly refute a lot of the allegations in the indictment that I had read, because I had received them prior to retaining my attorney, from another attorney who didn't wish to represent me because he said that he didn't think he could do me any good by representing me and fighting the case. [971]

Q. In any event, Mr. Peterson indicated that he possibly could get you off with the co-operation of the United States Attorney on one count?

A. If he had said that to me I wouldn't have retained him.

Q. You were indisposed to have your attorney assist in eliminating sixteen of these charges?

A. I didn't retain an attorney to do any bargaining, if that is what you mean. I wanted him to advise me what my legal status was, that's all, in his opinion.

Q. Well, were you informed—I haven't any business inquiring into any discussion had between you and your attorney, that is purely privileged under the rules, and I am not trying to pry into any discussion, and I want you to understand it, and I am not trying to find out what you and your attorney discussed; I am merely trying to get, as we might call it, an ultimate generalization of a particular subject. Were you informed before you entered a plea to one count that your attorney, Mr. Peterson, had taken up the matter with the United States Attorney?

(Testimony of Willard Eugene Warren.)

A. Absolutely not. As a matter of fact, I wrote——

Q. Just a moment. You have answered the question, Mr. Warren. Well, was the subject discussed that the United States Attorney would endeavor to dismiss the remainder of the counts?

A. It was not. [972]

Q. At any time?

A. No, sir. Mr. Peterson said very little.

Q. Just a minute, Mr. Warren. As I told you, I have no business finding out what conversations you had with your attorney, that is your own business. A. I will be very glad to tell you.

Q. Well, you entered a plea to one count only?

A. That's right.

Q. Now, were you informed what was going to happen to the other sixteen counts?

A. No, sir.

Q. That wasn't even mentioned?

A. Yes, I mentioned it.

Q. You asked what was going to happen to it?

A. Yes.

Q. What was said?

A. Well, it was left very vague to me, I didn't know.

Q. Well, didn't you insist on an answer that was definite? A. No, I didn't, because——

Q. Don't tell me why. You didn't, is that correct?

A. I didn't insist on anything. I just left them things go as they would.

(Testimony of Willard Eugene Warren.)

Q. It appears to me from my observation in the course of this trial during your testimony, that you brought on with you here from New York where you were apprehended a [973] number of documents. You have those in mind, have you?

A. What is your question?

Q. Any time you don't understand it, ask the reporter to read it to you. I am sure the court will——

A. I didn't hear a question.

Q. Very well.

Mr. Rose: Will you read it to him?

Mr. Peterson: I think, if you will pardon me, I can straighten that out for you. Mr. Rose, all of those documents were mailed to me from New York and came to my office.

Mr. Rose: I wish you hadn't told us that, Mr. Peterson. I know your intentions were of the best, and I think if an issue had arisen about this matter during the course of this form of the inquiry, as an officer of this court it would have been your duty to make that statement; but, frankly, I really wish you hadn't made it.

Mr. Peterson: I didn't mean to interrupt you, but that happens to be the fact.

Q. By Mr. Rose: Now, with the voluntary statement of your counsel here, you heard that, didn't you?

A. That's correct.

Q. Well, then, before you were apprehended you mailed out certain particular documents here to Mr. Peterson?

(Testimony of Willard Eugene Warren.)

A. Oh, no, no, I couldn't have done that, I didn't know Mr. Peterson before.

Q. Well, did you mail certain papers to him?

A. No, I did not.

Q. Did you instruct anyone to mail some papers to him?

A. No, I did not. I will explain it to you if you want me to.

Q. I will get at it, Mr. Warren, you would be surprised. Where were these particular papers with the cut out sections of the addresses at the time you were apprehended?

A. At my mother's home.

Q. Did you inform Mr. Peterson after he had visited you concerning these charges, that some steps should be taken to have those particular documents transmitted on to here? Yes or no.

A. Some time afterwards, yes.

Q. In other words—let me ask you this: Did you write back to your mother's home asking her to send the papers on here? A. Yes, I did.

Q. Did you instruct her what papers?

A. I told her to send everything—

Q. No. You told her to send everything?

A. That's right, everything she could find.

Q. All right. That was after a discussion with your counsel?

A. I suppose it was. I suppose I had talked to him about the case. I don't think I talked about the papers with my counsel, even at that time. I think that was my own [975] voluntary act, be-

(Testimony of Willard Eugene Warren.)

cause I wanted whatever I had in the case to be here.

Q. For the purpose of using them for yourself or against your co-defendants, which?

A. Well, I didn't know what purpose I was going to use them for. I thought I ought to have them here.

Q. For what purpose?

A. To look over, to show to my attorney.

Q. When, in relation to the receipt of these documents, without taking time to identify each particular one, was it you resorted to the practice of cutting out a section of the letter?

A. Do you want me to explain that?

Q. No, I would like an answer to my question.

A. Will you read the question, please?

Mr. Rose: Will you read it, please?

(The question was read.)

The Witness: As these documents were sent to my mother's home, which was the way they were transmitted to me from Mr. Danziger, I used to cut out the name——

Q. Just a minute, let's stop right there. Did you ever see Mr. Danziger in any place other than New York City?

A. I think I saw him on the way down to Wilmington when we drove down there one time.

Q. And then you returned to New York City?

A. I think so. [976]

Q. Isn't it a fact that the only times you ever

(Testimony of Willard Eugene Warren.)

saw Mr. Danziger was some four or five times in New York in 1935?

A. Oh, I would say it was a great many more times than that.

Q. Was it a dozen times?

A. Well, I couldn't say how many times, Mr. Rose.

Q. What is your best recollection?

A. Just numerous times.

Q. Did you ever, even, have lunch with him in New York? A. I might have.

Q. Well, have you any memory of ever going to lunch with him on any occasion?

A. Not specifically.

Q. Do you ever recall going to a theater or place of amusement with him at any time in your career? A. No, I don't think he went.

Q. Did he ever take you to dinner or anything else? A. I don't remember.

Q. Well, other than the few occasions or numerous, as you put it, that you saw him in New York in 1935, the only other occasion that you ever saw Mr. Danziger was when he returned from England or Europe some time in 1937?

A. That is to the best of my remembrance.

Q. And you saw him at that occasion about twice? [977]

A. No; I think I saw him more often than that.

Q. How often? A. I can't exactly recall.

Q. Do you know whether it was a nice moonlight night when Mr. Danziger returned from England?

(Testimony of Willard Eugene Warren.)

A. No, I wouldn't remember that.

Q. You don't remember that?

A. No, I wouldn't remember that.

Q. Now, I would like you to go back to the beginning of this thing here. You say that you called on Mr. Danziger. He hadn't communicated with you?

A. I think I called on him.

Q. Well, don't you know whether you did or not?

A. To the best of my recollection, I did.

Q. How did you happen to call on him?

A. Because I had been given his name.

Q. By whom?

A. Mr. Howe.

Q. Mr. Howe was the broker in New York?

A. That's right.

Q. Mr. Howe was connected with the Trinidad International Petroleum, wasn't he?

A. I think he had some dealings with Mr. Danziger.

Q. In connection with Trinidad?

A. I think so.

Q. Well, don't you recall whether that was discussed [978] or not?

A. Yes, there was general discussion about it.

Q. Now, when you first talked to Mr. Danziger, weren't you informed that Mr. Danziger was back in New York primarily preparing to leave for Europe in connection with the financing of T. I. P.?

A. There might have been some discussion about him going to England.

Q. Let's see if I can refresh your recollection. During one of these discussions that you had with

(Testimony of Willard Eugene Warren.)

Mr. Danziger back in New York you told him that if he remained and didn't leave for Europe you thought you had some people who would buy the entire issue, isn't that correct? A. No.

Q. Wasn't there any such discussion?

A. Not like that.

Q. In substance? A. No.

Q. Did you mention that you thought you could sell \$100,000.00 worth of stock if he stayed another week or two? A. No.

Q. Was there anything of the kind mentioned?

A. At what time?

Q. Before he left for England?

A. There might have been some discussion about we thought we could sell some stock. [979]

Q. Wasn't there any mention made that you could sell at least \$100,000.00 worth?

A. No, I don't think—I don't remember that.

Q. Was there any discussion to the effect or in substance that you could sell the entire outstanding issue to one person, a Mrs. Pierce?

A. No. Mr. Kramer made that statement.

Q. In your presence? A. Yes.

Q. What did you say about it?

A. I just smiled, I didn't say anything.

Q. Well, what did Mr. Danziger say when Mr. Kramer made that statement? Isn't it a fact that he said, "I have to leave for England and I am going"?

A. He says, "That's fine, when I get to Eng-

(Testimony of Willard Eugene Warren.)

land I will give you every bit of co-operation I can, I will send you anything you need."

Q. That's what he said, you remember that?

A. Yes, sir, I remember that.

Q. But he said he wouldn't wait for it, didn't he?

A. He said he had to go soon.

Q. He said he had arrangements to finance the company over in England, didn't he?

A. He said something to that effect.

Mr. Rose: What I need is a Mr. Mainland, and then I can really reach in here and get these papers with dispatch. [980] Excuse me, your Honor, I haven't got these things in order; I would know it the minute I see it.

Q. By Mr. Rose: I have exhibited to government counsel a document composed of two pages, bearing a date November 14, 1935; I will ask you to examine that document and state whether you are the author of that document?

A. May I read it?

Q. Why, obviously; I wouldn't expect you to tell us about it unless you did.

A. This is my letter.

Q. Did you send that to Mr. Danziger when he was in England?

A. I don't remember just whether I sent it to England or whether I sent it to Miss Faulkner to forward to him, but I obviously intended it for him to receive it through one of the channels.

Q. You knew he was in England at the time?

A. Yes, I did.

(Testimony of Willard Eugene Warren.)

Q. Isn't it a fact that upon your transmitting the incident of the Kramer transaction, concerning which you testified, to Mr. Danziger, you received a cable telling you that you were through, you were all through, isn't that a fact?

A. I don't remember that very clearly.

Q. Didn't something to that effect take place?

A. There was quite a few cables that went back and [981] forth.

Q. Didn't he tell you that he was going to prosecute Kramer and that you were all through by reason of that incident?

A. No, I don't remember anything like that. I think he was displeased in one of his cables, and then subsequently he wired me and told me to take whatever action I thought was necessary to protect all of our interests, in another wire, in cable. Then as he thought the matter over, why, he continued to cable me to go ahead and prosecute business for him and try to clear the matter up on the Kramer matter, which I tried to do.

Q. Mr. Warren, didn't you receive a cable in substance and effect that by reason of this Kramer incident he would have nothing more to do with any of you on that deal?

A. If you show me the cable——

Q. Don't you know?

A. I don't remember it.

Q. You remember putting your rubbers on in some transaction, you remember that, don't you?

(Testimony of Willard Eugene Warren.)

A. Yes, some things you remember and some you don't.

Q. Do you remember putting on your rubbers on a rainy night?

A. No, I don't remember this cable that you speak about, though. I remember there were quite a few cables. If you show it to me I will be glad to identify it. [982]

Q. Have you any recollection to the substance or effect of those cables?

A. Yes, I have quite a bit of recollection about them, but I don't recollect it that way.

Q. Was any one to the effect that you were fired or through? A. Oh, no.

Q. Didn't you request him for permission to carry on, that a thing of that kind would not happen again? Yes or no, please.

A. I can't answer that yes or no.

Mr. Rose: Read the question to the witness again. Answer it in your own way. Read it without the yes or no.

(The question was read.)

The Witness: To the best of my recollection I wired him that I would do everything in my power to continue to do the business so that it would not jeopardize any of our interests.

Q. By Mr. Rose: Now, addressing your attention again to this letter of November 14, 1935, which you transmitted to Mr. Danziger, when you sent that letter to him did you purport to be telling him the truth?

(Testimony of Willard Eugene Warren.)

A. Well, I must have.

Q. I mean you didn't send this letter as a build-up or anything of the kind, did you? Did you mean, in other words, what you said in this letter?

A. Well, I suppose I did.

Q. Well, did you? A. I suppose I did.

Q. Now, when you said, "This fellow is one of the most deceitful and cunning as well as vicious crooks I have ever seen. There was absolutely no need of doing things the way he did. He could have undoubtedly made a sale to Mrs. Pierce of \$100,000.00 and made a clean delivery and there would have been no complaint. I guess he simply has a warped mind," that was your attitude at that time after having heard from Mr. Danziger from England? A. That's right.

Mr. Rose: I offer it in evidence as next in order, your Honor.

Mr. Lucas: No objection.

The Court: Admitted.

The Clerk: Defendants' G.

(The document referred to was marked as Defendants' Exhibit G, and was received in evidence.)

Q. By Mr. Rose: In the course of your testimony, from time to time you have been shown various letters coming from Los Angeles here, and you were asked who sent them, and you said in most of the instances, anyhow, that they were sent by Mr. Danziger. As a matter of fact, you were never in

(Testimony of Willard Eugene Warren.)

Los Angeles until you were brought here as a prisoner, isn't that correct? [984]

A. No, that isn't correct.

Q. When had you been in Los Angeles before?

A. In 1929.

Q. But you hadn't been here after 1929 until you were brought in here by the Government Marshal?

A. That's right.

Q. You, in fact, of your own knowledge, at no time have known who transmitted the particular letter to you that you received, did you?

A. I certainly did.

Q. When you received a copy of a letter did you know who had typed it?

A. Sometimes I did.

Q. Were you given a memoranda in each instance as to the authority of a particular letter or copy?

A. I would like to ask you, Mr. Rose, do you mean did I see it typed?

Q. Don't you understand the question that I just asked you?

A. If you asked me if I saw the letters typed, I did not see them typed.

Q. Did you know who put them in the mail?

A. I didn't see them put in the mail.

Q. Was there any memoranda of any kind attached to these particular letters or copies thereof that you received that accompanied them? [985]

A. There were notations in handwriting that I recognized as Mr. Danziger's.

(Testimony of Willard Eugene Warren.)

Q. That is, in such instances as you have identified a pencil notation, or something to that effect?

A. Yes.

Q. Other than that you have no knowledge who caused the matter to be transmitted to you?

A. Yes, I did have knowledge.

Q. Was there a memorandum in these things other than what you have indicated?

A. No. The fact that I expected to receive them and was in constant communication with the party led me to the conclusion that they must be to the parties who I was writing letters to and receiving letters from. There was a constant flow of that at all times. That gave me a very definite idea who I was receiving the letters from.

Q. I am going to pick out at random here—let's get back for a moment to this procedure of cutting out a segment of some of these exhibits, I am referring particularly to No. 110. In relation to the reception of this particular document, when did you cut this out?

A. Well, if the name was on it when I received it I cut it out. Otherwise Mr. Danziger would cut it out before he would send it to me.

Q. You remember testifying here, in response to Mr. Lucas' questions, in each instance wherever one of these [986] things had been cut out who cut it out, and you said "I did?" Do you want to change that testimony?

A. No, I don't want to change that.

Q. Is that a fact?

(Testimony of Willard Eugene Warren.)

A. You just asked me who cut out all these papers.

Q. All right. I know——

A. Some of them were cut before I got them.

Q. The record here shows——

The Court: Examine him from further back.

Mr. Rose: I was going to show him this, your Honor.

The Court: All right.

Q. By Mr. Rose: The record here shows that you testified you cut out these boxes or rectangular areas of these two papers of Exhibit 110. Now, did you or did you not cut them out?

A. I cut them out. [987]

Q. I am asking you a very simple question. When, in relation to the time that you received these documents, did you resort to that business of cutting them out?

A. I entered into an agreement with Mr. Danziger to do that early.

Q. You didn't tell us anything about any agreement of that kind. A. I wasn't asked.

Q. Where was this agreement entered into?

A. After Mr. Danziger——

Q. I said where? A. By mail.

Q. Where is the letter? A. I don't know.

Q. Where is the agreement? Where is it?

A. It wasn't a written agreement.

Q. It wasn't? A. No.

Q. You received it in the mail?

A. I didn't receive anything. I had a written

(Testimony of Willard Eugene Warren.)
understanding with Mr. Danziger not to transmit names.

Q. When——

A. Through the mail. It could be opened and seen.

Q. What is that?

A. I had an understanding that we wouldn't do that.

Q. When did you have that understanding?

A. All the way through. [988]

Q. When did you first discuss it?

A. In the very inception.

Q. In 1935? A. Yes.

Q. All right. I call your attention now to Exhibit 105, a pink sheet of paper that you say you received, to which is attached the original envelope bearing a postmark in 1937 as part of this exhibit, and call your attention to this letter here. Why didn't you cut that out?

A. Well, that is one that Miss Faulkner sent me, to the best of my recollection.

Q. Didn't you receive that from England?

A. Listen, I didn't cut them all out. I slipped up on some of them.

Q. You slipped up on it?

A. I cut out most of them, but some I would slip out on.

Q. Why did you save that envelope? And that is a pretty dangerous question.

A. I guess I don't know. It is just inherited to keep old things.

(Testimony of Willard Eugene Warren.)

Q. Why didn't you obliterate the name on that envelope?

A. Well, to tell you the truth, I don't know.

Q. I call your attention again to Exhibit 110, that envelope, and show you that you have torn out the name, the addressee there; you did, didn't you?

A. Yes, I did.

Q. Well, why didn't you throw the envelope away?

A. Because I was probably carrying it around for a while in my baggage, and I had such a bad experience about it that I didn't want to have names carried around, and I always took names and addresses off of envelopes that I received from the Wake Development Company.

Q. Very well.

Mr. Rose: With your Honor's permission, I was going to in the course of my mind take up a matter that might involve a little time, that is, the subject, and I thought I would ask your Honor if it is agreeable to the court to take the recess at this moment, or shall we go on?

The Court: That is satisfactory.

(A recess was taken.)

Mr. Rose: Shall I proceed, your Honor?

The Court: Yes.

Q. By Mr. Rose: Mr. Warren, I believe on your direct examination you had recounted that you had started in the business of selling securities back in 1922, was it, or thereabouts?

A. As near as I can remember I stated I had

(Testimony of Willard Eugene Warren.)

engaged in that business practically all my business life except [990] 1926, when I worked for the Hollywood Company, then in 1940, the latter part of 1940, when I went to work for the Grolier Society and worked for them for a couple of years, and then for a year for the Standard & Poor's Corporation in New York.

Q. Had you had anything to do with the sale of the Great Eastern Gas Company stock originally?

A. Yes, I lent some money to Mr. Palmer who was interested in that company.

Q. In other words, you had something to do with the formation of the Great Eastern company?

A. Indirectly.

Q. Well, did you participate in the sale of those securities?

A. No, I didn't sell any securities, if that is what you mean.

Q. Did you ever have a crew of salesmen?

A. No, I didn't have the crew.

Q. You knew somebody who had?

A. Yes, I did.

Q. And you would call upon them to assist you in the sale of securities from time to time?

A. You had better read that question to me.

(The question was read.)

A. Who do you mean?

Q. This person who had a crew of salesmen, stock salesmen. [991]

A. The question doesn't make sense to me, I am sorry. I just said that I didn't sell the stock.

(Testimony of Willard Eugene Warren.)

Q. You said you didn't sell the Great Eastern Gas stock.

A. And then you asked me if I would call upon them to assist me. I just said I didn't.

Q. You did sell various types of stock from time to time? A. Oh, yes, yes, before that.

Q. Did you ever sell any stock that was listed on the Stock Exchange? A. Yes.

Q. Did you sell any stocks that were listed on the curb? A. Oh, yes.

Q. For many years?

A. I beg your pardon?

Q. For many years?

A. During 1923, around in there, and '24.

Q. Now, you did mention in the course of preliminaries to the transaction concerning which you testified, that you were instrumental in having Mr. Danziger meet a Mr. Dube. Do you remember that?

A. I remember the Dube incident, yes.

Q. You knew Mr. Dube, did you [992]

A. Yes, I knew him.

Q. How long had you known him before you introduced him to Mr. Danziger?

A. I first met Mr. Dube in 1923, I think.

Q. He was connected with this Great Eastern Gas Company project, in some way?

A. No, not at any time that I know of.

Q. Under what name did Mr. Dube know you?

A. Warren Carter.

Q. He knew you under the name of Warren Carter? A. That's right.

(Testimony of Willard Eugene Warren.)

Q. Did you ever tell Mr. Dube your true name?

A. No, I never did.

Q. The only name he knew you under was Warren Carter, consistently?

A. Well, I wouldn't say that.

Q. Did you ever tell him you had any other name?

A. I didn't tell him I had another name.

Q. All right. Now, you mentioned a Mr. Palmer with whom you had some financial transactions involving the Great Eastern Gas Company setup?

A. That's right.

Q. How long had you known Mr. Palmer?

A. Well, I think I met Mr. Palmer in 1929 or '28.

Q. Did you ever have any kind of a written agreement with him at all? [993] A. No.

Q. Whatever financial transactions you had with him were oral? A. That's right.

Q. Under what name did Mr. Palmer know you?

A. Warren Carter.

Q. You introduced yourself as Warren Carter to him?

A. Either I was introduced to him or he knew me under that name.

Q. Did you ever tell him that your name was other than Warren Carter?

A. Well, I wouldn't remember that.

Q. I may be in error about that, but you told me that Mr. Palmer at the time you approached him—just before you approached him in connection

(Testimony of Willard Eugene Warren.)

with the Wake Development-Trinidad matters, had turned over the Great Eastern Company to a son-in-law, was it?

A. Yes, I understood it was his son-in-law.

Q. And what was his name? A. DeHart.

Q. D-e-H-a-r-t, is that right?

A. Well, I don't know how the spelling is. I thought it was D-e-H-a-r-t. I think it was something like that. I wouldn't know exactly.

Q. You had known Mr. DeHart for some time prior to that? [994]

A. Let me see, now. I think I met Mr. DeHart about 1934.

Q. What name did you tell him you had?

A. Warren Carter.

Q. You didn't tell him your true name?

A. I was known all that time as Warren Carter. I have been known as Warren Carter since 1922 or '23.

The Court: Why did you take the name Warren Carter so early?

The Witness: Well, your Honor, when I went to Chicago and went into the brokerage business there, the name just appealed to me and I took it. I can't give you any other explanation. There was no reason that I was running from anything then. I just took the name. Stock salesmen have a peculiar flair for doing that, taking some kind of high sounding name, but a name that they think sounds better over the telephone. I did a lot of work over the telephone, and the name Carter seemed to

(Testimony of Willard Eugene Warren.)

register well, and I started to us it and just continued to use it.

The Court: You went up there from Robinson, down state in Illinois?

The Witness: No, I didn't, your Honor. I went up there from Indianapolis, Indiana.

The Court: Had you been Willard Eugene Warren there?

The Witness: No. There was a short period of time that I worked for Archie Andrews, A. M. Andrews and Company, [995] I started to work for Andrews & Company when I was just turned 19 years of age, I was known as Willard Eugene Warren, all through my school years, all during my life in Texas when I worked for the Y.M.C.A. there, and when I came north, when around 19 years of age I went to work for Archie M. Andrews, and at that time I got a job working on the telephone, and all the other telephone men used different names, and during that interval of about two years I worked for Archie Andrews I used the name of Willard Eugene Young.

The Court: What did you do for the Y.M.C.A. in Texas, what could be done for them in Texas?

The Witness: I was rather athletically inclined in my early days, and I used to assist the physical director there in taking charge of the boys' classes, and I played basketball on the Y.M.C.A. team there, and when I first went to Texas I played on the Methodist Church basketball team, we won the city league there, then I played on the Y.M.C.A. team

(Testimony of Willard Eugene Warren.)

and we won the state championship for about three years.

The Court: Continue, Mr. Rose.

Q. By Mr. Rose: Let's take up here with your first meeting with Mr. Danziger. As I recall it, you told us here that word had come to you from a broker named Howe respecting the presence in New York City of Mr. Danziger and some project, and you called up Mr. Danziger at the hotel; is that correct? [996] A. Yes.

Q. Were you alone? A. Yes, I was alone.

Q. You told him that you had heard about him from Mr. Howe, and he invited you up?

A. No. I called him on the telephone, I think, before I went up.

Q. That's what I have in mind, you told him that you had heard that he was in New York about some oil deal from Mr. Howe and you would like to talk to him?

A. Yes, something to that effect.

Q. And in any event, he invited you up to the hotel room, is that correct?

A. Yes, that's right.

Q. Now, when you came into the hotel room, what did you tell him?

A. When I came into the hotel room he had another salesman there by the name of Koch, who I knew.

Q. You mean Kramer?

A. And I told him——

Q. Just a second. Do you mean Kramer?

(Testimony of Willard Eugene Warren.)

A. No. I mean Mr. Koch.

Q. All right.

A. And I told him when I came in who I was. He came to the door—— [997]

Q. Don't tell us that. I want you to recount here what you told him. You told him who you were?

A. I told him who I was.

Q. What did you tell him?

A. I didn't say anything then, because I was busy——

Q. No. What did you say? You said, "I am Mr."—what?

A. I said I am Mr. Carter.

Q. You told him you were Mr. Carter?

A. Yes.

Q. When did you tell him you were Mr. Carmen?

A. Later on.

Q. How much later on?

A. After we went out to make sales, I told him I used the name of Carmen because——

Q. No. I say when did you tell him?

A. After I took the names out.

Q. What names?

A. The South American oil field names that he gave me to go out and call on.

Q. When and where in relation to your first meeting with Danziger did you tell him your name was Carmen?

A. I didn't tell him my name was Carmen.

Q. All right. You are in that room now and you recognize a man being present by the name of Koch?

(Testimony of Willard Eugene Warren.)

A. That's right.

Q. I am not going to interrupt you from that point on until you complete everything that was said between you, the man named Koch and Danziger at that occasion. Go right ahead and tell us what was said.

A. I don't suppose I can tell you everything; I can tell you everything I can remember.

Q. That's fine, go ahead.

A. "Mr. Danziger," when I went in, I said, "I am Carter."

"Oh, yes, Carter, come right in. Meet Mr. Davis."

He introduced me to Koch as Davis.

Q. I am sorry to have to interrupt, but I want to clear that up. He didn't say, "This man's name is Koch?"

A. Oh, no.

Q. He said, "Meet Mr. Davis," is that right?

A. Yes.

Q. So far as you knew, this gentleman that you have referred to had introduced himself to Mr. Danziger as Davis?

A. I don't know how he had introduced himself to Danziger; all I know is he said, "Meet Mr. Davis."

Q. Go on, and pardon the interruption; go on and relate the whole business.

A. So I says, "How do you do, Mr. Davis?" And then he says, "You don't mind if we conclude the business we are doing here, do you?" And I said, "Oh, no, go right ahead."

(Testimony of Willard Eugene Warren.)

And then he continued to talk to—— [999]

Q. Tell us what he said.

A. I don't remember what he said. He was talking about some names and going out on some calls and what time would he be back, and so forth. I couldn't repeat that conversation.

Q. Go ahead and tell us what you do remember.

A. That is the best of my recollection, the general line of the conversation.

Q. Please tell us every word that you do recall?

A. Well, I can't do that, I am sorry.

Q. In substance?

A. Well, I am doing it in substance.

Q. Go ahead.

A. Then Koch got up, or Davis, and he had a brief case with his names in it, and he said, "Well, I will see you later, Mr. Danziger." And he left. Before he left he said, "Well, it is nice to see you again, Carter," and went out of the room. And after Mr. Danziger went over and closed the door he said, "Do you know this fellow?"

Q. Who said that? A. Mr. Danziger did.

Q. All right.

A. I said, "Yes, I know him slightly." He said, "I suppose you know him as Koch?"

Q. Mr. Danziger said that?

A. That's right. I said, "Yes, that's the way I do [1000] know him."

He said, "Well, he uses the name of Davis because he thinks it sounds better, and I found that

(Testimony of Willard Eugene Warren.)

stock salesmen usually like to use aliases, anyhow, and it makes no difference to me what name he uses," or words to that effect.

Q. Go ahead.

A. Then I said, "Mr. Danziger, I understand you have quite a nice oil deal, and I would like to hear something about it. I was talking to Mr. Howe about it, and he told me that you have quite a setup here. He also told me that you have a deal that is not subject to any regulations by the Securities and Exchange Act. Since that is a rare thing nowadays, I would like to hear about it."

He says, "Yes, I have got one of the finest deals, I think, that a man could want to sell right now," he says, "And it has a lot of good advantages to it. If you will sit down I will explain it all to you." And he proceeded to tell me something about his deal. Then he told me that——

Q. Go ahead. What did he tell you?

A. I will tell you. Then he told me that he had a company called the Trinidad International Petroleum Company, which he had organized himself, and he said that he personally had, by his experience in the oil business, selected as the properties for this company what in his opinion was the finest group of oil leases that could be obtained. He told [1001] me that due to his long experience in the oil business that he thought he was in a very good position to judge good properties.

The Court: I am going to interrupt you there a minute. I noticed in some of the correspondence

(Testimony of Willard Eugene Warren.)

that there was a prophetic reference to the event that Great Britain might even be barred from the Mediterranean, and that that would add to the value of oil in the British West Indies; do you remember that being discussed?

The Witness: I remember some correspondence about it, your Honor, but——

The Court: I mean at this particular time that you were talking to Mr. Rose.

The Witness: No, I don't think there was any particular stress talked about that at that particular time, because there wasn't any war situation at the time.

The Court: That is why I refer to it as prophetic.

The Witness: I say at that particular time I don't remember the conversation being about the Mediterranean at all. I don't think we even talked about the war at the time.

The Court: Go ahead.

The Witness: I don't think anybody would have known it.

He told me that he had been formerly a director and a vice president of the Pan-American Petroleum and Transport [1002] Company, and he had been associated with Mr. Doheny a good many years, and that as the result of this association with this man that he had acquired a great knowledge about the value of oil properties. He told me, in addition to that, that he had a group of leases under his control in the State of New Mexico, and

(Testimony of Willard Eugene Warren.)

that in due course he intended to drill these leases, and he thought he had a great potential oil pool there. He said the object of being in New York was to raise funds so that he could eventually develop the properties.

I then asked him if he intended to raise all this money by the sale of stock to these South American stockholders that he had, and he said, well, he had got the list some time previously and he had been a little disappointed about the results, that he hadn't been able to make as many sales as he had anticipated, and that he was in dire need of money, that if he could get enough money to go to England to finance himself that he thought that he had excellent prospects over there of floating the stock issue over there. I asked him then about the registration, how he avoided registration. And he said, "Well, that's very simple." He said, "All the stock was issued out of the treasury to the Wake Development Company on the acquisition of the properties, and the personally owned stock of the Wake Development Company, according to the law, and I am a lawyer," he said, "I know what the law is on those things, is exempt under the [1003] provisions of the Exchange, the Securities and Exchange Act." He said, "Of course, that is the stock I am selling. I am selling the personally owned stock of the Wake Development Company, and I am issuing the rights on that stock."

I asked him what he had in the form of literature or sales material. He showed me several letters

(Testimony of Willard Eugene Warren.)

that he had, photostatic copies of letters that he had signed himself on the Pan-American Petroleum and Transport, a couple of pages written on the literature of the Pan-American Petroleum and Transport Corporation, and a photostatic copy of a letter from Mr. Doheny stating that he had come with him early in his youth, and a couple of photostatic copies of, I believe it was on Standard Statistics letterhead, showing the earnings of the Pan-American Petroleum and Transport Company and the Mexican Petroleum Companies during the years he was supposed to be with it, and so forth. Then he showed me the form of irrevocable stock power or an order to sell securities, made out under the name of Wake Development Company, authorizing the Wake Development Company to sell any securities that he had there. And he also showed me on a Wake letterhead a form of authority in blank, which stated that the representative was a due representative of the Wake Development Company and was authorized to offer shares of stock in the Trinidad Petroleum Company, and so forth, and to be countersigned down in the lower left-hand corner. [1004]

He had a large briefcase there, and he brought out a number of papers, I can't remember them all, but that was about the sum and substance of that conversation about the company.

And then he said, "Now I think that the salesmen that have been working on this deal haven't been quite up to par." He said, "I think there are

(Testimony of Willard Eugene Warren.)

a lot of good sales in this list, Carter, and I think you can go out and make a lot of good sales.” He said, “Of course, they won’t all be good; you have been in the selling business long enough to know they are not all going to be good, but you will find good sales, and I have a group of names here if you want to go out on, go out and sell them.” He said, “Are you going to sell them under your right name” or something to that effect. And I said, “No, I haven’t been selling securities for quite a while. I think I will take the name of William Carter and sell it under that name.” He said, “I don’t care what name you sell them under. It doesn’t make any difference to me what names you use.”

He gave me some names. I asked him how many names he had, and he said he had a few hundred, and I said, “Can you give me some in the nearby community?” And he said, “Yes.”

And I took some of the literature and some of the names, and then he had a right certificate that had been printed, he had two forms of right certificate, he had one with a border running to the right and left, and then he had one with [1005] the border running perpendicularly, the reading matter perpendicular, and the other border runs on the side, sort of oblong, and he said, “Here, I have these two types, one I had printed and the other somebody else had printed, “I don’t know who,” he said. I took the right certificate out that he gave me. He said, “When you get to a stockholder, sometimes these names are a little wrong on here,

(Testimony of Willard Eugene Warren.)

they won't have the same number of shares that the card or list here has; if there is any discrepancy," he says, "in the name or in the number of shares, you can interrogate the man and find out ahead of time how many shares he has, and then you can write the right number of shares in there." He said, "I guess you are familiar with all those things?" And I said I thought I was.

That was about the extent of our conversation the first time. I left him then.

Q. By Mr. Rose: Now, to the best of your recollection you have told us everything that you recall that was said at that first occasion?

A. I have tried to.

Q. All right. Is there anything else that you can remember that you have omitted?

A. Not for the moment, no, I can't think of anything else now.

Q. By the way, can you tell us who you had seen the day previous to that occasion? [1006]

A. No, I don't think so.

Q. Or two days previous? A. No.

Q. Or a week? A. No.

Q. You don't remember any person you saw in the previous week?

A. Well, outside—I probably went down to Howe's office and went down and saw Mr. Howe.

Q. But you don't have any memory of that?

A. Not unless I had something to refresh my memory with.

Q. Now, let's go on to the next occasion when you saw Mr. Danziger after the one that you have

(Testimony of Willard Eugene Warren.)

just related. How long, in time, to your best memory, was it that you next saw him?

A. Well, I think I saw him in about, probably four or five days.

Q. Will you relate who was present on that occasion, and tell us where you saw him?

A. I saw him at the hotel. I came back to the hotel. I can't remember whether I phoned him before I went up or not, Mr. Rose, but I might have; but I went up to the hotel.

Q. Let's skip that little detail and let's have both of you in the room, unless some conversation occurred over [1007] the phone that you recollect. Was there? A. It wouldn't have been——

Q. You are in that room there in the hotel in New York with Mr. Danziger; was there anybody else present on this second occasion?

A. No, I don't remember anybody else.

Q. Do you mind telling us what was said on that occasion?

A. I had been out on some calls, I had made a few calls on the names, and I told him that I was disappointed, that I had called on a few names in Yonkers or Westchester, around in there, and all the names I had tried to contact, about 50 percent of them had moved away and were not any longer there, and that there were quite a few of them that I told him I couldn't find in when I called, that I naturally expected that, of course, I said, "That will happen on any list." Then I said the people that I did contact on the South American oil fields

(Testimony of Willard Eugene Warren.)

list appear to be very much against putting any funds in any other oil enterprises. They had told me their investments had been—they had been so disappointed at the money they had put in the other deals, and they had had a lot of real old propositions brought to them in their former companies, that they didn't feel that they were interested in putting any more money in, and would not be interested. In fact, they were worse than a cold turkey name, I told him. [1008]

Q. What did he say?

A. And he said, "Well, I am sorry you found it that way. Of course I can expect some of the names to be that way, it might have been that you just hit a bad bunch of names, but," he said, "have you any ideas or suggestions to make?" He said—I then told him before he said that, "This seems like an awfully nice setup; it looks like a real good deal." He said, "Yes, if we only had the right kind of a list we could really go to town on this deal." He said, "Tell me, you have been around a good bit, have you any suggestions about a list? Do you know where you could get hold of a good list?" I told him I thought I had a party in mind that might fit into the circumstances. But I said, "Of course, frankly," I said, "how are you going to make—how are you going to make any right possible to another company?" I said, "It has no affiliation with this thing."

He said, "Don't worry about that, that is my business, I know how to handle those things. All

(Testimony of Willard Eugene Warren.)
you have to do is worry about the selling.” He said, “I can fix up a right certificate,” he said, “I can fix up some kind of an agreement, any kind of an agreement that is necessary.”

I said, “But this is different,” I said, “than the South American oil fields. The South American oil fields company is out of existence and there would be nobody in evidence to object, if you went out and issued rights on [1009] any of them; but here these officers and directors are now in existence, and I don’t see how you could work out a deal, because this company isn’t in bankruptcy or receivership or anything like that.”

“Well,” he says, “if you will introduce me to the principal, I think that can be worked out.”

So I said, “Well, I have in mind a certain company that sold stock, and they haven’t had success in their drilling, and I believe they might be interested in it.”

Q. Now, have you stated all you recall in that conversation?

A. There might have been other things, but I can’t recall them now, Mr. Rose, just like these things, you get parts of it. I relate as much as I remember of the conversation. I might leave some out, I might not be able to remember every bit of it.

Q. Let me ask you this, Mr. Warren. In the discussion about this so-called right certificate, didn’t Mr. Danziger mention that some of the original men that are in this T.I.P. setup had had some-

(Testimony of Willard Eugene Warren.)

thing to do with these South American stockholders, and that they wanted to give them an opportunity to recoup?

A. There might have been some slight reference to a matter like that. If it didn't take place then, it did take place at a later talk with Mr. Danziger that I might have had, because I remember somewhere along the line, Mr. [1010] Rose, asking Mr. Danziger how he ever happened to get hold of these people, and all that sort of thing. And he told me that he knew a man that happened to be with them, or something like that. But that is very vague. He had some general idea. But the principal thing was that there were no officers or directors still in existence on the deal, and there was no deal made with that company, and he told me definitely there was. And I remember asking him at the time of my first conversation, "Why did you make the deal with them, and how?" He says, "There is no one here to object anyhow, so what is the difference? You don't have to worry about that." He said, "The officers and directors are all out of existence."

Q. Did you discuss the fact that this company that was active with its personnel, the Great Eastern Company, could possibly participate in this New Mexican prospect?

A. No, not at that time, Mr. Rose.

Q. Well, there was that discussion at some time?

A. At some time, I think later when he talked to DeHart, who I introduced to him later, as I have testified here, he did talk about making a contract,

(Testimony of Willard Eugene Warren.)

I think, that pertained to those New Mexican oil lands in the State of New Mexico.

Q. So far as your knowledge, at the time, of the personnel of the Great Eastern Company, they were, so far as you know, legitimately in that gas business, weren't they? [1011]

A. Yes, I had known definitely that they had spent about a quarter of a million dollars drilling for gas wells.

Q. And they had had bad luck in the locale where they had had their operations, isn't that right? A. That is what I understood.

Q. And there was some discussison in your presence between Mr. Danziger and some of that personnel of the Great Eastern Company respecting an opportunity on their part to do gas drilling in the event that they went forward with the development of the New Mexican properties, isn't that right?

A. Let's see if I understand you right, Mr. Rose.

Mr. Rose: I think it would be best if I requested the reporter to read it to you. In the event you don't understand it, I will reframe it.

(The question was read.)

The Witness: At that time that matter was discussed I remember the point was brought up, I believe by Mr. DeHart, and he said, "What excuse could we have for entering into such an agreement with you?" And Mr. Danziger said, "Oh, that's very easily handled." He said, "I will give you some sort of contract in which you will get some

(Testimony of Willard Eugene Warren.)

kind of a right to purchase oil or a right to drill some gas wells," or something to that effect. Probably the contract speaks for itself, Mr. Rose, probably better than my testimony. [1012]

Q. By Mr. Rose: Mr. DeHart and his associates of the Great Eastern Company——

A. There is only one man, Mr. DeHart, that made the deal; there was no one else but Mr. DeHart.

Q. There was some talk with Mr. Palmer, wasn't there?

A. Yes, but he didn't enter into that contract.

Q. I didn't ask you whether he entered in. There was some discussion with him?

A. No, Mr. Palmer didn't come up and discuss the matter. Mr. DeHart did.

Q. Mr. DeHart came up to where?

A. Came up to meet Mr. Danziger.

Q. In New York? A. Yes.

Q. From Delaware?

A. No; from New York.

Q. Now, you related this second meeting with Mr. Danziger. How long after that was there the third meeting?

A. Well, I can't tell you that exactly, but within a very short time.

Q. Well, was it a matter of days or a week or so?

A. I would say it was a matter of days, because I was now interested in the transaction going on. If you are talking now about the third meeting, are you, Mr. Rose?

(Testimony of Willard Eugene Warren.)

Q. Yes. [1013]

A. That was when I brought Mr. DeHart up at the third meeting. We were discussing recently the second meeting; now we are at the third meeting.

Q. Yes. That is up in Mr. Danziger's hotel room.

A. We were at the second meeting of Mr. Danziger's when I finished.

Q. Hadn't you finished?

A. I think that covers practically most of the things that were said in general.

Q. Now, we have the third meeting, we have Mr. DeHart, yourself, and Mr. Danziger there. Do you mind telling us what was said then?

A. I introduced Mr. DeHart to Mr. Danziger, and I told Mr. Danziger that I had explained to Mr. DeHart the conversation that Mr. Danziger and I had previously had about trying to get a good list, and Mr. DeHart was the son-in-law of Mr. Palmer, and Mr. DeHart was now officially handling all of the affairs of the Great Eastern Natural Gas Company, and he would be in a position, as a result of his being vested with those powers, to enter into some kind of a contract whereby a deal could be rigged up, so that we would have an excuse to sell stock to the Great Eastern Natural Gas stockholders.

Q. You said that?

A. Yes, I told him that. I did most of the talking for Mr. DeHart, and explained as a sort of introduction what [1014] the situation was. And Mr.

(Testimony of Willard Eugene Warren.)

Danziger said, "That's fine." He said, "I understand, Mr. DeHart, you have quite a list of stockholders. How many stockholders do you have?" And Mr. DeHart said that he thought around twelve, fifteen hundred stockholders, between thirteen, fourteen hundred stockholders. He said, "That's fine, I suppose Mr. Carter here has explained to you a good deal about who I am and what I represent?" And he said, "Yes," he understood that. He said—he says, "We can get down to making a contract." So then he started to lay out the plans of a contract, I can't remember all that, except there was discussion back and forth about how the contract should be drawn, and Mr. Danziger did most of the talking about that, and he sat down and wrote out a contract, and I believe at the time he didn't complete it. He just drew a rough draft and said if Mr. DeHart came back later he would have the contract drawn up.

And that is about all that was said at that meeting in sum and substance.

Q. How long after that did you next meet Mr. Danziger?

A. Well, I think Mr. DeHart went up and completed the contract, and I don't think——

Q. That was outside of your presence?

A. I think it was done outside of me, I don't think I was there when he actually signed it. I might have been somewhere near, but I don't think I was right there at the [1015] time of the signing.

Q. So far as your memory goes, though, the

(Testimony of Willard Eugene Warren.)

actual agreement entered into on behalf of the Great Eastern through Mr. DeHart, and Mr. Danziger and others, was signed outside your presence?

A. I am sure it was. I am positive I wasn't present when he signed the contract.

Q. After this contract had been signed, did you have a talk with Mr. Danziger?

A. Yes, I had a lot of them.

Q. Tell us those that you remember.

A. Well, I couldn't do that unless you will ask me specifically on what one occasion. I try to give you the general background of the whole thing, Mr. Rose, and if you will be specific here and tell me—I just couldn't go on and tell you about a lot of conversations with Mr. Danziger, because I had a great many conversations with Mr. Danziger.

Q. In these several conversations that you had with Mr. Danziger preceding his departure for England, had he told you anything other than what you have already related here affecting the character and nature of the properties involved?

A. Yes, I will say that Mr. Danziger always tried to tell me that the properties were very good.

Q. Did he ever tell you anything to the contrary? A. No, he never did. [1016]

Q. From your observation as a man of experience——

A. He told me they were very fine properties.

Q. Did he ever tell you anything otherwise?

A. What do you mean "otherwise"?

Q. Well, did he ever tell you he had changed

(Testimony of Willard Eugene Warren.)

his mind about the character or value of these properties?

A. Never to my knowledge. He always boosted them.

Q. Didn't he tell you he expected to become very wealthy out of the actual oil production?

A. Well, he might have said that.

Q. He told you that primarily he was merely interested in selling the personal stock of the Wake Development Company to a small degree to defray expenses in connection with his trip to Europe and get the matter actually financed for drilling purposes abroad, isn't that correct?

The Court: You can go into that after lunch.

Mr. Rose: May we have an answer, your Honor, just to that one question, please?

The Witness: Will you read that question again so I can make sure I understand it?

(The question was read.)

The Witness: Now, what do you mean by a small degree, Mr. Rose, please?

Q. By Mr. Rose: You finally entered into an escrow for only 25,000 shares, isn't that right?

A. Yes, but I understand Mr. Danziger wanted to sell [1017] 100,000 shares or more, if he could.

Q. Didn't he tell you that he was going to arrange that business in England?

A. No, he said, "You can sell 100,000 shares." I remember it came up. I said it wouldn't pay just to sell a small amount of 25,000 shares, if this deal worked and starts to click with the Great Eastern

(Testimony of Willard Eugene Warren.)

names, and the salesmen start bringing in money, it wouldn't pay me to start this deal on 20,000 shares.

He said, "Don't worry about that; you can get all the stock you want." I said, "I want to be sure I am protected on that."

Q. But he told you——

The Court: I am sure this is quite an extensive subject you are on now, and I want to talk to you about our immediate future. I want to accommodate our immediate plans as much as I can to you gentlemen.

Do you want to continue the case tomorrow or any part of tomorrow?

Mr. Rose: Frankly, your Honor, I am in a dilemma. I want to ask your Honor if you see fit to do so to not have a session tomorrow, for this reason:——

The Court: All right. You don't need to give reasons. I am going to follow his wishes more than yours.

Mr. Lucas: That is quite agreeable.

The Court: You and I are public officials; we are not [1018] under the pressure of private practice. We have both practiced privately, and you know the man in private practice has the harder end of it in a long case.

Monday morning I have set myself a law and motion calendar; do you want to go ahead Monday afternoon or Tuesday morning?

Mr. Rose: I would just as soon go ahead Monday afternoon, if your Honor has the facilities to handle it.

(Testimony of Willard Eugene Warren.)

The Court: Monday afternoon, then, at 2:00 o'clock.

Mr. Rose: I am sure we are going to conclude this matter in the time indicated by the court.

The Court: What time is that?

Mr. Rose: I think your Honor indicated that by the first you were going to start another trial.

The Court: I don't remember. It has been so long ago that I don't remember. I have to quit a little early this afternoon, so I would like to resume at 1:30 this afternoon and quit at 4:15.

Mr. Rose: Yes, your Honor.

(Whereupon, at 12:00 o'clock noon, a recess was taken until 1:30 o'clock p.m.) [1019]

Los Angeles, California,
Friday, January 26, 1945, 1:30 p.m.

WILLARD EUGENE WARREN,
(WARREN C. CARTER)

called as a witness by and on behalf of the government, having been previously duly sworn, resumed the stand and testified further as follows:

Cross Examination (Continued)

Mr. Rose: Will you please read the last question and answer?

(The record was read.)

By Mr. Rose:

Q. Well, as a matter of fact, when you first met Mr. Danziger, or in the very outset of your dis-

(Testimony of Willard Eugene Warren.)

cussion of this subject with him, he told you prior to coming to New York he had already arranged the financing of the actual operations of the Trinidad Company in England?

A. What is the question?

Mr. Rose: Read the question.

(The question was read.)

The Witness: I don't understand. You made a declaration; you didn't ask me anything.

Q. By Mr. Rose: Well, I will see if I can't ask you something. I think you mentioned that at your first meeting with Mr. Danziger he had a big briefcase and showed you a lot of wires and letters, did he not?

A. He showed me a lot of literature on Trinidad [1020] International Petroleum Company and a lot of letters that he had written, sample letters on the South American Oil Fields deal and Trinidad International Petroleum Company, a lot of discussion about those papers, but no wires——

Q. Did he show—— A. Pardon me.

Q. Haven't you finished your answer?

A. I don't remember him showing me a lot of wires.

Q. Did he show you any wire?

A. Well, I wouldn't remember. It isn't fresh on my memory.

Q. Did he show you any letters that he had received from a firm in England?

A. I don't remember that.

Q. Do you remember any firm of Sutherland and Company being discussed?

(Testimony of Willard Eugene Warren.)

A. I don't remember it now.

Q. As a matter of fact, didn't he show you a tentative form of agreement for the actual sale of oil, in fact, from the Trinidad properties that had been sent over here from England?

A. I don't remember it.

Q. Well, at no time prior to Mr. Danziger leaving for England were any arrangements made for the disposition on your part and your associates of more than 20,000 shares of the privately owned stock of Wake Development Company? [1021]

A. Only verbally.

Q. Well, you just told us here a few minutes ago, as you remember, that you had some argument when you were informed that there was only 20,000 shares sought to be sold. That was before you went to Delaware, wasn't it?

A. I think it was.

Q. And after you went to Delaware and after the arrangement was made an escrow was opened for only 20,000 shares, isn't that correct?

A. Yes, but we had an understanding.

Q. Wasn't that what the escrow was opened for?

A. The escrow for that particular part in Commonwealth Trust Company was a parcel on 20,000 shares. That is all he wished to leave there.

Q. I have exhibited to counsel for the government a telegram, and ask you to look at that and read it and state whether you didn't see that before Mr. Danziger left for England?

A. I never remember seeing it.

Q. Would you say you did not?

(Testimony of Willard Eugene Warren.)

A. I never remember seeing it, Mr. Rose.

Q. Addressing your attention to the form of material in this message, does that refresh your recollection that a discussion was had concerning that situation being existing before he came to New York? A. No, I don't remember it. [1022]

Mr. Rose: May this be marked for identification?

The Clerk: H, for identification.

(The document referred to was marked as Defendants' Exhibit H, for identification.)

Q. By Mr. Rose: I show you another document that was exhibited to opposing counsel and ask you to read that and state whether you saw that when you were in New York?

A. I am positive I never saw this.

Q. Of this you are positive? A. Yes.

Q. While I am having it marked will you look at this series of papers and state whether you saw those.

Mr. Rose: May this be marked for identification?

The Clerk: I.

(The document referred to was marked as Defendants' Exhibit I, for identification.)

The Witness: Do you want me to read the other letter, too?

Q. By Mr. Rose: Haven't you been reading these papers?

A. I have read the first letter. Do you want me to read this, too? I didn't see this letter (indicating). I didn't see either one of these.

(Testimony of Willard Eugene Warren.)

Mr. Rose: I ask that this be marked next in order.

The Clerk: J.

(The document referred to was marked as Defendants' Exhibit J, for identification.)

Q. By Mr. Rose: Before leaving for England, didn't Mr. Danziger tell you that he actually had an agreement with these people in England whereby they were going to start the operations and prepare to actually drill for oil on these Trinidad properties?

A. I don't remember him saying that.

Q. Did he say that, in effect?

A. He talked about going to England and meeting some people, but I didn't know who they were.

Q. Well, let's go back to the series of conversations you had with him before he left for England. You were telling us about conversation you had after the agreement had been entered with the General Electric, or, rather, the G. E. Gas, and Mr. Danziger and the Wake Company; when did you speak to him after that?

A. Well, to the best of my recollection I saw him immediately—I went up to his room just about the time that he had completed his arrangement with Mr. DeHart. I was downstairs in the hotel, to the best of my recollection, and I do remember that at that time we stated it would be necessary now that the contract had been finished to get busy on papers and letters, reconstructing letters that would be necessary in building up the Great Eastern deal. And Mr. Danziger said, "Now, I don't want you

(Testimony of Willard Eugene Warren.)

to hesitate on me, I will give you all the assistance I can. I want to get busy on this deal and get started.” [1024]

Then I said, “We ought to have some kind of a letter like the one you used in the South American deal there, except I would like to see that letter again that you showed me on the occasion of our first meeting, the one that you referred to the hundred thousand shares of stock, which you are not going to sell to these people.”

Then he got that letter out again. And at that time I think Mr. DeHart left right about that time, and he said, “I will leave you fellows alone to work these things out.” And to the best of my memory we started to construct that literature at that time, to get the first letter that could be sent out from the Trinidad Company, and to write up an inquiry blank that could be sent to the stockholders. Then we had to write up a right certificate. And Mr. Danziger took care of all of that writing. He did it in pen and ink. He asked me if I knew a printer, and I said I knew a printer downtown by the name of Carmen Gould. He had done some work for me. And I can’t remember now whether Carmen Gould sent the boy up to get the stuff, the copy we prepared, then or not, but we either did that or else I took the papers away with me and went down to arrange to have it printed, because I know Mr. Danziger didn’t go down there himself.

Q. Now, have you related all of the conversation had up to that point between you and Mr. Danziger?

(Testimony of Willard Eugene Warren.)

A. To the best of my recollection it was along those lines. There might have been some other things, but for the [1025] moment they don't occur to me.

Q. When is the next time you saw Mr. Danziger prior to his leaving for England?

A. I saw him a good many times between then and the time he went to England, because our deal hadn't started then; we hadn't even had the right certificates printed then, and before he went to England I remember, oh, about a week transpired before we got the right certificates for the Great Eastern deal.

Q. After you got those, what conversation did you have?

A. I remember I got those downtown myself from the printed and took them up to his room. And he said, "Well, that looks like a fine job." There was some discussion about the payment of those right certificates. He said, "How are we going to pay for these things? Shall we deduct it out of the first commissions or money that you earn, or how?" And I said, "Well, I put it on the tab," to the best of my recollection, and I said, "I will take care of it as soon as we make a little money on the deal." To the best of my recollection we said words to that effect. And then he said, "Well, I would like to have some of these. I guess you will need the largest number of them. You don't mind if I take some with me?" And I said, "No."

Q. You mean Danziger was going to take some with him—— [1026] A. Yes.

(Testimony of Willard Eugene Warren.)

Q. —to England?

A. No, he wasn't leaving for England then. He said, "I will keep some of them." He said, "I guess you will need most of them in working the deal." Then after I showed them to him I took them away with me. I remember telling him in the next week or so that I had made a connection to get a hold of some other salesmen, and I thought I would take a room, and I think we made our headquarters in the Wellington Hotel. I am positive we went to the Wellington Hotel, and that was our headquarters.

Q. That was your headquarters?

A. That was the headquarters for the salesmen to come into that I was arranging to get together.

Q. How many salesmen did you have?

A. I think I had about four in the beginning, and I think I finally——

Q. Wait a second. Let's clear that up while we are at it, and we will be finished with it.

What were the names of these four salesmen?

A. One was Jack Byers, the other one was Franklin or Kramer as the name he used; had another fellow named, to the best of my ability and recollection, Goldstein, I think, or Goldsmith.

Q. Did he use the name Goldsmith or Goldstein in his stock—— [1027]

A. No, he didn't use that name; he used some other name. I can't remember offhand that name. It might have been anything. I can't think of it for the moment.

(Testimony of Willard Eugene Warren.)

Q. Who is the fourth one, now?

A. We had another man that Kramer brought in, and I don't remember his name, offhand. I never paid much attention to their names, because usually——

Q. I didn't ask you why you didn't do something. I just want to know their names. Incidentally, while we are on the subject of names, did you make it a point to keep a record of any particular name you used at any particular occasion?

A. In what way, Mr. Rose?

Q. Well, I mean did you carry some sort of book or paper in which you made a notation——

A. No, I didn't; only to record it in——

Q. Wait until I finish this thing, and then I will give you all the opportunity in the world to answer.

What I have in mind is this: Let's assume that you went to Jones to sell him some stock, and you used some name other than your own, did you make any kind of a memoranda to refresh your memory that in dealings with Mr. Jones your name was, let's say, X?

A. Well, I didn't use any names until after the Pierce deal, and some time after that. I didn't do any selling, so I didn't have any occasion to do it. After—— [1028]

Q. Wait a minute.

A. After I started to sell a deal, that is when I started to use names, and then I didn't make any record of them; I just need one name for awhile and then changed it to another name.

(Testimony of Willard Eugene Warren.)

Q. Let me clear that up so we will understand each other. The only name that you used prior to this Kramer transaction with Mrs. Pierce was the name of Carter; is that correct?

A. Carmen.

Q. Carmen? A. C-a-r-m-e-n.

Q. That was the only name you used?

A. That's right.

Q. It was after this Pierce incident that you resorted to the practice for a particular period of using a particular name, is that it?

A. Some time after that I did that, yes.

Q. How long after that?

A. Well, it was after I left Chicago.

Q. When was that?

A. I think that was along in May or June, after my trial in Chicago under the name of Carmen.

Q. It was after you had been tried in Chicago under the name of Carmen—that was in '36 wasn't it? A. That was in '36, yes. [1029]

Q. It was after that that you started using some other names than Carmen and Carter for a particular period.

A. Yes, I used names after that, yes.

Q. Did you keep any record of what name you had used in dealing with a particular person?

A. The only record I had is as I would receive letters back from Los Angeles pertaining to these deals, I would record down anything that wasn't embodied in any of the literature on a memorandum, usually, attached to it. I usually used, for in-

(Testimony of Willard Eugene Warren.)

stance, the name Williams for, maybe, a month or two or three.

Q. During what interval did you use the name Williams? A. About 1938, I guess.

Q. What period in '38?

A. Well, I don't know. Probably a three months' period around there. I think I used the name Williams with Pitts——

Q. No, no; let's have the period, never mind the person.

A. I can't give you that exactly, because——

Q. Don't tell us why you can't. See if you can answer my question. You say here that you used the name Williams for an interval, to your recollection, of three months during the year 1938. Now, when did you start using the name Williams in that year and when did you cease? [1030]

A. About the first of 1938 I started to use the name Williams for about three or four months in there.

Q. All right. Then that would take us up to about April?

A. Well, let's see. Yes, it would take me up to about April.

Q. All right. May, 1938, what name did you resort to using?

A. I might have used the name of Edwards after that.

Q. Do you actually remember using the name of Edwards during the period of May, 1938?

A. No, I can't say that I do.

(Testimony of Willard Eugene Warren.)

Q. What is your best recollection as to the time when you started using the name Edwards?

A. I think I started using the name of Edwards in 1936 with Miss Parsons, and used it all the way through with her.

Q. When did you start that? A. Then I—

Q. Wait a minute. When did you start using the name Edwards in '36? A. When?

Q. Yes. A. I think I met Miss Parsons—

Q. I didn't ask you about Mrs. Parsons at all. I asked you when you started using the name.

A. Some time around October in '36. [1031]

Q. When did you cease using the name Edwards?

A. I think I quit using the name Edwards in 1939.

Q. Now, then, you used the name Edwards intermittently during that three-year interval?

A. I think I used it once or twice.

Q. You told us in '36 you used the name Edwards? A. That's right.

Q. Then you didn't resort to the name of Edwards again until '39?

A. No; I used the name Edwards in '37, because I made a couple of deals with Mrs. Parsons in '37.

Q. Did you make a record that you had been using the name Edwards in the Parsons transaction, a written memoranda?

A. Not particularly.

Q. Well, did you or did you not?

A. I don't remember.

Q. You don't recall? A. No.

(Testimony of Willard Eugene Warren.)

Q. Did you at any time make a memorandum in some form in which you recorded any of these names that you reputedly used, other than those you have already indicated?

A. I wouldn't see the reason for it. I can't remember of ever making a record. I might have—but the only record I would have ever made is the one with Los Angeles, if I send them the name, so they would know what name I was using. [1032]

Q. Did you keep a record of your own to indicate what name you had used on a particular occasion?

A. Not a definite record.

Q. Any kind of a record?

A. Well, I might have wrote it down on a piece of paper.

Q. Do you have any memory of having done that, in fact?

A. Yes, I think I have written the name down once or twice.

Q. And where was that record?

A. I don't know.

Q. When did you last see it?

A. I don't remember.

Q. When did you resort for the first time to the use of the name A. L. Roberts?

A. I think about 1938.

Q. What part of '38?

A. Oh, about the middle.

Q. And for what period of time did you continue to use that name?

A. Off and on for a couple of years.

(Testimony of Willard Eugene Warren.)

Q. Did you know anybody by the name of A. L. Roberts? A. No.

Q. Did you ever meet one by that name?

A. No.

Q. When did you resort to the use of the name George Williams? [1033]

A. Well, I think that was somewhere in 1938.

Q. When in 1938?

A. About the first of the year, I think.

Q. How long did you continue to use that name?

A. I think I used that name about six or seven months.

Q. Then what name did you resort to using?

A. Well, I can't remember it in chronological order.

Q. In other words, you would resort to the use of either of these names as it occurred to you, and you have no memory of any particular occasion as to time when you used them, is that it?

A. No; you see, the only way I can reconcile the use of those names is by remembering the names of the people I sold, and I did remember those. For some reason or other they seem to remain in my memory a lot, although I do forget them occasionally.

Q. You do have recurrences in which you associate——

A. It comes back to me, the names I used.

Q. For instance, one of the names used in this indictment is George Wilson; when did you start using that name?

(Testimony of Willard Eugene Warren.)

A. I think I used that name in 1939.

Q. What part of '39?

A. About the middle of the year.

Q. How long did you continue to use that name?

A. Oh, I think I used that name for about two or three months. [1034]

Q. Did you know anybody by that name?

A. No. I don't recollect that I know anybody. I might have known somebody. I don't recollect it offhand.

Q. When did you start using the name George Dawson?

A. I used the name George Dawson the first time when I made the McHattie sale in 1936, after I come down from Canada. I represented the Wake Development Company and sold them——

Q. Did I ask you anything about that, Mr. Warren? I just asked you when you started using the name, as to time.

A. 1936—let me see now, to make sure. Yes, it was 1936 in October, I came down from Canada then.

Q. Did you know anybody by the name of George Dawson? A. No, I didn't.

Q. How long did you continue to use that name?

A. Well, I used that name for probably two or three months.

Q. Incidentally, during the year 1936, were you selling any securities or engaged in any other business in which you derived an income, other than the sale of this Trinidad stock?

(Testimony of Willard Eugene Warren.)

A. No, I don't think I was.

Q. You devoted all your time to the sale of Trinidad stock in '36?

A. A good part of it; a good part of it. [1035]

Q. Were you selling anything else?

A. I can't recollect.

Q. When had you been up to Canada?

A. I went to Canada in the fall of '36.

Q. You went up there on business?

A. That's right.

Q. Did you actually make a business connection up there?

A. Well, I called on a broker up there.

Q. Well, did you succeed in making a connection?

A. I was trying to make some kind of a deal for the Trinidad stock in Montreal.

Q. How long did you remain up there?

A. Well, I stayed up there for New Year's.

Q. You mean just for the weekend?

A. No; I think I was there for about three weeks.

Q. Who was the broker you were dealing with up there?

A. The broker who I called on, I didn't deal with him then, the broker I called on was one I had known previously, McLean and Company.

Q. What name did he know you by?

A. Well, it wasn't a he; it was Mrs. McLean.

Q. What name did she know you by?

(Testimony of Willard Eugene Warren.)

A. She knew me under the name of Carter, and she also knew me as Carmen.

Q. What was the occasion of using both names with her? [1036]

A. I told her I had been using the name of Carmen when I went up to see her.

Q. Did you go to see her to sell her some Trinidad stock? A. No, no, hardly that.

Q. During the year '37 did you have any form of activity or endeavor on your part with the object of acquiring a livelihood other than the sale of Trinidad stock?

A. Well, I don't remember of any.

Q. Now, would you say that you and your crew of salesmen——

A. Let me correct one thing I said, Mr. Rose. I believe you asked me if it was '36 I was in Canada. I was in Canada in '36, all right, but I went up there twice; I went there at the latter part of '35 and stayed there until '36 to New Year's, and then I went to Chicago, and I came back from Chicago and then went back to Canada again in '36. So that I want to get that—I want to get that just a little bit cleared up about the definite times. It is very clear to me now; I went there the very latter part, right around December of '35, and then I came back to New York and went to Chicago in '36, and I came back from Chicago in '36 and then went up to Canada during the summer, middle of the summer in 1936.

Q. Well, during the year '37 did you sell any-

(Testimony of Willard Eugene Warren.)

thing or engage in any useful occupation other than the sale of Trinidad stock? [1037]

A. I think I was working mostly on that. I don't remember anything else in '37.

Q. How about '38?

A. Well, I don't remember working on anything in '38.

Q. I was trying to remember the name, but I couldn't. You mentioned in the course of your testimony on direct the name of Sterling Securities Company; did you actually know of such a company?

A. Yes, I knew of a company like that in Toronto.

Q. Did you ever have any connection with it?

A. Once back in '34 I knew them.

Q. What was your connection with that?

A. Well, I shouldn't say it was a connection; I was just well acquainted with the people that ran the firm. I think at one time I started some negotiations with them that were never completed.

Q. In '39 did you have any occupation of any character other than selling Trinidad stock?

A. I can't remember any, Mr. Rose.

Q. Well, somewhere in the course of your testimony here, if my memory serves me, it is in connection with your approach of Hazelton, that is, Dr. Hazelton, you had procured Hazelton's name from some broker in New York and made a deal with him?

A. That's right [1038]

(Testimony of Willard Eugene Warren.)

Q. Do you remember the date of that contact you made with that broker?

A. Well, it was the early part of 1938 I did meet this broker, yes.

Q. What was his name? A. A. D. Phelps.

Q. Had you done any business with him before?

A. Yes, I did, on Trinidad stock.

Q. Well, you told me that he had given you the names of certain securities, among which was some tire company.

A. I didn't tell you, but I testified to that. I did get the name of Hazelton from him, yes; he gave it to me.

Q. Did you discuss with him that you intended to go up and get some of his stock away and cut his brokerage firm in?

A. No, no; he wanted to buy the stock, and he knew I was selling the Trinidad stock through the Wake Development Company, he knew the whole connections I had, so he wanted to give me a name so I could go out and make a sale on it and cut him in on the sale.

Q. Was he interested in acquiring this tire company stock?

A. He also, incidentally, said——

Q. No; was he interested in acquiring this tire company stock? [1039]

A. Yes, he had a market for it if I took it in.

Q. He gave you more than one name to go out and see if you could pick up that tire company stock, didn't he?

(Testimony of Willard Eugene Warren.)

A. Yes. He gave me about five or six names.

Q. Incidentally, did you ever use the name of Joseph Dube? A. No, I never did.

Q. At no time? A. No, sir.

Q. Who was Joseph Dube?

A. Joseph Dube was an associate of Mr. Palmer's.

Q. Connected with the gas company?

A. No; he had a brokerage firm down in Wilmington, Delaware for Palmer. He was the man, I think, that entered into the escrow agreement with the Commonwealth Trust, in some manner, shape or form. I don't remember all the details of that.

Q. Did you ever discuss with Mr. Dube an effort on the part of Kramer to personally acquire stock, that is, Trinidad stock?

A. Did I what?

Mr. Rose: It would be better if the reporter reads it to you.

(The question was read.)

Q. By Mr. Rose: Direct from the Trinidad Company or Wake? [1040]

A. Oh, yes, Mr. Danziger before he left for England made a deal with Dube, and I was instrumental in helping him make that deal, and Mr. Dube was in the whole setup.

Q. What was that deal?

A. Well, Mr. Dube was in some way involved in the deal with Mr. Palmer, and the escrow contract with the Commonwealth Trust Company, and

(Testimony of Willard Eugene Warren.)

I just can't say how that was made up, Danziger made that deal, but I don't think it ever operated very extensively except for a short time, because after that the Pierce deal came along and that threw a monkey wrench in everything.

Q. Aside from that was Dube and the Palmer people and others, to your knowledge, interested in trying to pick up some of that stock for themselves, that is, the Trinidad stock?

A. Interested in buying it for their own investment?

Q. Interested in buying it in some form for as little as they could get it for.

A. Yes, yes, sure they would naturally be interested in that, I imagine.

Q. As a matter of fact, certain persons to your actual knowledge participated in trying to get some Wake Development stock in their own names so they could, in turn, sell it to Mrs. Pierce?

A. Wake Development Company stock?

Q. Trinidad Company stock. [1041]

A. You said Wake Development Company stock.

Q. When I speak of the Wake Development Company, I mean the stock they owned in the Trinidad.

A. You mean somebody wanted to buy Trinidad International Petroleum stock, is that what you mean, counsel?

Q. Yes.

A. Now, you better read that question again.

(The question was read as follows:

(Testimony of Willard Eugene Warren.)

“Q. As a matter of fact, certain persons to your actual knowledge participated in trying to get some Trinidad stock in their own names so they could, in turn, sell it to Mrs. Pierce?”)

The Witness: Yes, I remember something about that. It was during the exchange of wires between Mr. Danziger and I in London, and I was representing Dube as the chief sales manager of the whole situation at that time, and during the course of our conversation I was endeavoring to make an additional sale to Mrs. Pierce, and I——

Q. By Mr. Rose: You were?

A. Yes, I was personally. And I was trying to straighten out the whole matter by making a personal sale with Mrs. Pierce, and I was negotiating with Mr. Danziger while he was in England to straighten out the whole matter. At that time there was some kind of a deal pending whereby Dube for us was going to buy a certain number of shares of stock and make a delivery to Mrs. Pierce.

Q. And—— A. That fell down.

Q. In connection with that program while Mr. Danziger was in England, this Dube crowd were trying to buy this stock——

A. It wasn't the Dube crowd; we were all together, everybody; it was the same setup as when Mr. Danziger left, the same setup exactly, and we were functioning just as he had left us. But we had the unfortunate circumstance to have this man Kramer run out on that sale that he had made

(Testimony of Willard Eugene Warren.)

when he was working for us, and that threw the whole thing into an uproar, and we were trying to straighten it out.

Q. I see. I have previously shown counsel for the government a telegram addressed to A. Faulkner, in care of Wake Development Company, and I will ask you to read that telegram and ask you to state whether you didn't send that telegram yourself.

A. Yes, I was the instigator of this telegram for Dube, I represented Dube, and I was the chief negotiator of the whole thing all the way through there, in the name of Dube, for him. He was the front for the picture.

Q. Mr. Warren, all I asked you was did you send this wire. Did you?

A. I am pretty sure I did.

Q. All right.

Mr. Rose: I offer it in evidence. [1043]

The Court: Admitted.

The Clerk: K in evidence.

(The document referred to was marked as Defendants' Exhibit K, and was received in evidence.)

Q. By Mr. Rose: Let's go back, if you will, Mr. Warren, and let's clear up all conversations that haven't been covered between your first and the meetings you have already testified to on cross-examination with Mr. Danziger prior to going to Europe, and let's clear all the rest of them up to the best of your memory, so we can pass on from there.

(Testimony of Willard Eugene Warren.)

What other conversations did you have with him that you have any memory of? I am not going to pin you down to a particular week or month, for that matter. We have covered certain periodical occasions; now in the interest of expediting this I would like you to tell us everything else you remember that Danziger said to you or you said to Danziger that you haven't covered before he left for Europe.

A. That is a pretty big order. Well, I do remember one thing that I omitted, on the occasion of my first visit, that I think I failed to mention here on the stand under your cross-examination. That was during my first visit with Mr. Danziger I interrogated him about the last paragraph of the letter, which I think I referred to here on direct examination, and asked him about why he had included in it a clause that 200,000 shares of the Trinidad International Petroleum stock had been registered with the Securities and Exchange Division, and that none of these—with an authorization [1044] to sell it at \$5 per share—but none of this offering shall be offered to you. I asked him on the occasion of showing me that letter what that meant, and he said, "I am surprised at you you don't understand that. That gives you the price for the stock, that shows it is registered at \$5 a share with the exchange." I said, "Then why do you say we are not selling them any of the stock?" And he said, "Well, you are not selling them that stock. That is only to give them the

(Testimony of Willard Eugene Warren.)

price \$5 a share for the stock, and that is without the notes. The notes have one pound par value, so they get \$10 par there.” He said, “We are selling the Wake Development Company stock, and under that stock, which is not registered, and was owned by me, that particular parcel of stock that the Wake has acquired is not regulated by the Securities and Exchange Commission, and we can sell them that stock.”

I said to him at that time, “Do you mean to tell me that we give them the inference from this letter that this is registered stock?”

He said, “Well, you can draw any conclusions you want to from that.”

Q. He told you you could?

A. He said, “You, or anybody, could draw any conclusion they want to from that,” meaning just what——

Q. Didn’t he give you any private special instruction as to how to use that particular paragraph that you have just related you discussed?

A. He didn’t need to give me any more instructions than that.

Q. That was enough for you?

A. That’s right.

Q. You interpreted that that you were on your own then and you could amplify that to your heart’s content, is that it?

A. Well, I didn’t feel exactly that way about it, frankly. I had—those thoughts hadn’t entered my mind at that time.

(Testimony of Willard Eugene Warren.)

Q. In other words, you started out on this deal before Mr. Danziger left for England with your thoughts being pure and intending to act legitimately, is that right?

A. When I started out on that deal my mind was neutral; I didn't know what it was going to be like.

Q. But your conscience was clear, you didn't think you were defrauding anybody you were selling on that deal? Did you have that in mind?

A. I didn't think about that.

Q. So far as anything you had heard up to that point from Danziger, and all of this literature he had shown you, and his enthusiasm about the future of that company, in your own conscience did you feel that was a good speculation?

A. I don't think I had very much thoughts about that.

Q. In other words, you had neither bad nor good ones, is that it? [1046]

A. Well, I was, you might say——

Q. Neutral?

A. Neutral in my thoughts about it. I just took it as it came.

Q. Well, you have just recalled some little thing you had forgotten to tell us about in this first conversation. Now, let's go back and see if we can clear that up and go on to something else. What other things do you remember were said to you by Mr. Danziger prior to his leaving for England that

(Testimony of Willard Eugene Warren.)

you have not told us about and which you now remember?

A. There have been so many things talked about here that I am not sure that I might repeat some of them, Mr. Rose. Could you give me some sort of an idea of what you mean?

Q. Well, I will tell you very frankly what I am trying to do. I am trying to develop in this testimony any matter of fact that you have failed to tell us about that was discussed between you and Mr. Danziger from the time you first met him to the time he left for England. If you have any memory of anything you haven't told us that he said to you, tell us about it and then we will pass on to something else.

A. Well, upon the sale of the stock we started to sell the stock——

Q. No. Tell us what you were talking about.

A. O. K. I remember talking to Mr. Danziger at the time we got sales kits for all the salesmen, and he furnished me some letters in blank on the Wake Development Company letterhead, which were supposed to be authorities when countersigned by the salesman's name on the bottom on the left-hand side, it would give them authority to represent the Wake; he gave me some stock powers which enabled the Wake Development Company to sell any securities that they took in.

Q. Go ahead, Mr. Warren, I am listening.

A. We had conversations at that time about the money.

(Testimony of Willard Eugene Warren.)

Q. That is about how much you were to receive?

A. That's right. We had conversations about that after this—just about the time or just a few days before we closed the contract with the Great Eastern Company. At that time I told him I thought that the 50 per cent commission arrangement which I had the offer to work on the South American oil fields was not enough to act as a representative for and to bring in an additional list and to pay salesmen out of. And at that time we drew up an agreement, and he and I discussed the terms of it, and we agreed on a 66 2/3 per cent. We arrived at that basis figuring a third of it commission and a third of it expense——

Q. You already told us about that.

A. I didn't know I had. I did on direct, but I may leave some things out. I just want to cover them. [1048]

Q. In other words, you discussed what——

A. Commission I would get.

Q. ——Dube and your group were to get and what the Wake Company would get?

A. That's right, we had that discussion. We had other discussions after the sales started about the first sale that was made by Jack Byers, the salesman. I remember that instance, too. We went up to his hotel, when I took the \$600 check up to the hotel, we had other conversations in addition to that about how checks were to be cleared, and

(Testimony of Willard Eugene Warren.)

so forth. I think I testified to that on direct examination.

Q. Yes.

A. I may not repeat all those things to you, because it is hard just to remember them all here in chronological sequence, but if you will refreshen my mind I will be glad to go over them again.

Q. Let me ask you this: Did you ever mention the name of Arthur Winslow to Mr. Danziger?

A. Did I ever mention the name?

Q. Yes. Did you ever in talking to him mention the name Arthur Winslow?

A. After he came back from England, yes.

Q. You introduced somebody to him under the name of Winslow? A. No, I didn't. [1049]

Q. Did you introduce anybody to him?

A. Nobody at all.

Q. Did you bring anybody up to the hotel where Mr. Danziger was when he returned from England? A. I did not.

Q. Did you introduce him to any person?

A. Not to my recollection.

Q. Did you ever know anybody by that name of Winslow? A. No, I didn't.

Q. I show you Exhibit 41. On your direct examination you testified you showed the facsimile of that letter to Mr. Danziger?

A. No. We drew this up before Mr. Danziger left. I did not show this direct copy. It was made later, to my recollection. Just about the time he

(Testimony of Willard Eugene Warren.)

left, or a short time after he left, they were printed, but the copy was all drawn up before he left.

Q. As a matter of fact, these letters were sent out to your Great Eastern Gas list after Mr. Danziger was in Europe?

A. Well, I am just a little vague on that. We sent some material out in 1935, just about the time that Danziger was there. It all came back to the Grand Central Terminal to a box under the name of Bishop, M. B. Bishop. They were sending these out right at the time Danziger was there, and he went over and got these returns right [1050] along about that time.

Q. This form of letter under Exhibit 41, in fact, wasn't even in existence when Mr. Danziger left for Europe?

A. I wouldn't say that, because the date here only means that we changed the date at the top, as we used the circular letter. It is a form letter and we multigraphed—this is a multigraph letter—and as we would multigraph a batch of two or three hundred names we would put another date on it.

Q. As a matter of fact, what is the date on that?

A. This one is October 28th.

Q. As a matter of fact, you cabled Mr. Danziger in November that you had just circularized the G. E. List, didn't you?

A. We circularized some before that, because I have seen names come in before that Mr. Rose, and I know Mr. Danziger had a box and we had some of the inquiries come back to the box in the Grand

(Testimony of Willard Eugene Warren.)

Central Terminal, and nobody could get into that box after he left.

Q. Immediately following this Kramer-Pierce transaction Mr. Danziger cabled this company that you were talking about here, Great Eastern Gas, and advised them that the agreement was cancelled, is that correct?

A. I wouldn't know. I never——

Q. Didn't you learn that he had cancelled the agreement? [1051]

A. No, I didn't. I never knew that he had cancelled anything.

Q. Didn't you make a request to be permitted to support yourself in a proper manner and go on with this deal?

A. After I sent the cable to Mr. Danziger, that went via Los Angeles, I think I sent it, the one you showed me—the Dube cable, I think Mr. Danziger was quite concerned and sent me some kind of a cable out saying that he didn't want any more sales made by these people, and so forth; and I think I cabled him back and told him that it was none of our doings, and so forth; and I hoped he would understand that. And then later I got cables from him to go ahead and use my own judgment to clear the matter up. It was just the flurry there during the time that Kramer ran off with that woman's securities, when everybody was sort of upset for the moment.

Q. Here is a cablegram addressed to Danziger,

(Testimony of Willard Eugene Warren.)

signed "Warren;" I will ask you if you are the author of that cablegram?

A. I notice we just circularized the entire G. E. List in this letter, that meant the balance of it.

Q. I know that. All I am asking you, Mr. Warren, is——

A. Let me read it, now.

Yes, I remember all of this very distinctly.

Q. There is only one question before you, Mr. Warren, and it is did you send this? [1052]

A. Yes, this coincides with the whole thing.

Q. All right. Now, read the next one here.

Mr. Rose: I offer that in evidence, your Honor, as next in order.

The Court: Admitted.

The Clerk: Exhibit L in evidence.

(The document referred to was marked as Defendants' Exhibit L, and was received in evidence.)

The Witness: Yes, I sent these, yes. I received a letter back in reply to all those, too, extending the arrangement from Mr. Danziger, around about that time. That was all straightening up the Pierce matter and the repercussions from it.

Mr. Rose: I offer the cablegram, your Honor, dated November 16th, 1935, J. Denziger, Park Lane Hotel, consisting of three respective parts, making one cablegram, as Defendants' next in order.

The Court: It is admitted.

The Clerk: Exhibit M in evidence.

(The document referred to was marked as

(Testimony of Willard Eugene Warren.)

Defendants' Exhibit M, and was received in evidence.)

Q. By Mr. Rose: Did you receive this letter or the original, of it?

A. Yes, sir, I received this.

Mr. Rose: I offer the letter just identified by the witness, your Honor, on the Park Lane Hotel stationery, under date of October 14th, 1935, as Defendants' next in order.

The Court: Admitted.

The Clerk: Exhibit N in evidence.

(The document referred to was marked as Defendants' Exhibit N, and was received in evidence.)

Q. By Mr. Rose: I hand you, Mr. Warren, a carbon copy of a letter addressed to A. Faulkner, Wake Development Company, under date of November 14th, 1935; do you remember transmitting a letter in that language to the addressee indicated?

A. Yes, I remember this letter.

Q. You sent it to the addressee?

A. Yes, I remember that. We weren't clear about the situation then.

Q. Mr. Warren, you will have ample opportunity to tell us anything you would like to tell us, I think. A. All right.

Q. All I am interested in is, you are the author of this letter and you sent it on or about the date it bears to the addressee?

A. That's right.

(Testimony of Willard Eugene Warren.)

Mr. Rose: I offer this as Defendants' Exhibit next in order.

The Court: Admitted.

The Clerk: O. [1054]

(The document referred to was marked as Defendants' Exhibit O, and was received in evidence.)

Mr. Rose: Is your Honor disposed to take a little recess now?

The Court: Yes, as soon as we mark this letter.
(Short recess taken.)

Q. By Mr. Rose: For the most part, after Mr. Danziger left for England you carried on your communications until his return by transmitting letters or memoranda or wires to the Wake Development Company out here in Los Angeles, is that right?

The Witness: Yes, we did that after we concluded with the Commonwealth deal in Wilmington.

Q. Do you recall the occasion of the return of Mr. Danziger to New York?

A. Yes, 1937, I think, in July.

Q. Now, to your own knowledge how many persons did you see in the presence of Mr. Danziger during his presence in New York on his return from England?

A. I don't remember seeing other people with him. There might have been, but I don't remember. It seems to me we were alone.

(Testimony of Willard Eugene Warren.)

Q. Do you remember the \$7,000.00 check transaction about which you testified on direct examination? A. Yes, I do.

Q. You remember the transaction? [1055]

A. I remember the check.

Q. Where was it you saw that check?

A. I saw that check in the Imperial Hotel first.

Q. In New York City? A. Right.

Q. Who was present?

A. Mr. Robbins and Mr. Shaeffer.

Q. Who?

A. Mr. Joe Robbins and Mr. Shaeffer.

Q. How long had you known those gentlemen?

A. I had known Mr. Shaeffer for about three years, I think, but I just had met Joe Robbins about a week before the check episode.

Q. Did you know them by any other name?

A. Well, I knew Mr. Shaeffer as Dick, that's all. Dick Shaeffer.

Q. The three years you had known him as a salesman his name was Shaeffer, except for the first name, is that it? A. Yes, Dick Shaeffer.

Q. It was always Shaeffer? A. Yes.

Q. And how long had you known this Robbins?

A. About a week before the episode.

Q. How many times had you seen him in that week?

A. Well, we saw him two or three days before he went [1056] up to see Mrs. Parsons.

Q. Did you know what other names he used?

A. No, I didn't.

(Testimony of Willard Eugene Warren.)

Q. Do you know whether he used the name Winslow?

A. Well, I don't know what name he used, but I know that he didn't intend to use it. He said he didn't intend to use that name when he left.

Q. Well, let's see if I understand you clearly in that. In other words, Mr. Warren, he did mention the name of A. L. Winslow, but that he didn't intend to use it, is that it? A. We had that——

Q. Please, Mr. Warren.

A. No, he didn't intend to use the name Winslow.

Q. He told you that? A. That's right.

Q. But, in any event, there was some discussion between the three of you in which the name Winslow came up? A. That's right.

Q. When he left you he said, "I will not use the name A. R. Winslow," is that right?

A. It wasn't planned to use the name that way.

Q. I didn't ask you that, Mr. Warren.

Mr. Rose: Will you read the question?

(The question was read by reporter.) [1057]

A. He didn't say that when he left me.

Q. When did he say it, as to time, now?

A. He didn't say that in that way.

Q. Did he say "A. R. Winslow" at all?

A. Yes.

Q. Did you call that to the attention of Mr. Danziger? A. Yes.

Q. And that was while he was in New York?

A. That's right.

(Testimony of Willard Eugene Warren.)

Q. You told him that a man named Robbins intended to use the name of "A. R. Winslow?"

A. No, I didn't tell him that.

Q. Did you know for a fact whether Robbins was his real name? A. No, I don't know that.

Q. Have you ever seen him since?

A. Yes, I have seen him.

Q. When?

A. Oh, I saw him for about a year after that.

Q. During that year did he ever use the name "A. R. Winslow" in your presence?

A. No, sir.

Q. Did you ever hear him mention the name "A. R. Winslow" more than once?

A. Oh, yes, I heard him mention the name of Winslow [1058] because we agreed to use that—

Q. No, I didn't ask you that.

Mr. Rose: Was there an answer?

(The record was read.)

Q. By Mr. Rose: You did hear him mention it? A. Yes.

Q. All right. To your knowledge do you know whether this man named Robbins, the person that you have identified under that name, whether he, in fact called and visited Mr. Danziger?

A. He did not to my knowledge.

Q. You don't know whether he did or not?

A. I never knew of him visiting Mr. Danziger, not to my knowledge.

Q. Do you know whether Mr. Shaeffer did?

A. Not to my knowledge.

(Testimony of Willard Eugene Warren.)

Q. Do you know Mr. Robbins' handwriting?

A. No, I can't say I do.

Q. Did you ever see him write anything?

A. No, I didn't.

Q. Do you know Mr. Shaeffer's handwriting?

A. No, I don't.

Q. Did you ever see him write anything?

A. No.

Q. At any occasion?

A. I can't recollect, no. [1059]

Q. So far as your memory serves you, neither Robbins or Shaeffer has ever written anything in your presence?

A. Not in my presence.

Q. You were telling us yesterday that this \$7,000.00 check was endorsed by either one of the two individuals that you just mentioned, is that right?

A. That's right; it was my opinion that one——

Q. No. You saw either one of them endorse it?

A. No, I didn't say that.

Q. Well, did you? A. No, I didn't.

Q. You never saw either one of them endorse it?

A. No, I didn't.

Q. Which one of those gentlemen handed you that \$7,000.00 check?

A. I don't remember which one handed it to me.

Q. Did one of them hand it back to you?

A. Yes, handed back and forth.

Q. He handed it to you and you handed it to him?

A. Yes, we all had it.

(Testimony of Willard Eugene Warren.)

Q. In other words, it went the rounds of the three of you? A. That's right.

Q. I take it during this merry-go-round of this \$7,000.00 check, Mr. Danziger was not present,

A. Not then, no.

Q. Was he ever present when either of you three were together with that check? A. No sir.

Q. Knowledge had come to you, isn't it a fact, that these gentlemen had made some kind of a deal with Mrs. Parsons, is that right?

A. Yes, we all planned it.

Q. And as a part of your plan wasn't it the intention of you three to acquire a block of Trinidad stock, privately owned by the Wake Company, for as little as you could get it, and then get as much as you could for that particular stock from Mrs. Parsons? A. Yes, I guess so.

Q. Well, that was a fact, wasn't it; isn't that right?

A. Our object was to get as much money from Mrs. Parsons as we could—

Q. And pay as little to the Wake Company as you could? A. That would be natural.

Q. That was your intent?

A. That was the plan.

Mr. Rose: I regret this delay, your Honor, but I have to dig out a portion of one of these voluminous exhibits.

For the purpose of the record, I have removed a portion of the contents of the envelope marked 73; I am going to direct an inquiry of this witness

(Testimony of Willard Eugene Warren.)

with relation to several specific parts of that exhibit.

Q. By Mr. Rose: Mr. Warren, I call your attention to the signature on certificate No. 235, Preferential Profit-sharing Note, dated the 25th day of July, 1937, made to the order of Arthur Winslow, and direct your attention to the endorsement or assignment on the back of that, and ask you if you know that writing?

A. No, I don't.

Q. Did you ever see this before? A. No.

Q. I direct your attention to certificate No. 236, Preferential Profit-sharing Note, dated the 25th day of July, 1937, bearing the signature of "Arthur Winslow" on the assignment portion of that note, and ask you if you are familiar with that signature?

A. No, I never saw that signature, to my recollection, before.

Q. Are you sure it is not your writing?

A. No, it is not mine.

Q. Did you ever see that writing?

A. Not to my recollection.

Q. At any time?

A. Well, I couldn't tell you at any time. I just don't recognize the writing, that's all. [1062]

Q. Did you ever see a similar signature on any document?

A. Oh, I wouldn't be able to say that. I don't remember of ever seeing anything like it.

Q. All right. I now show you a stock certificate of the Trinidad International Petroleum No. 241

(Testimony of Willard Eugene Warren.)
to Arthur Winslow, and direct your attention to the back of that; did you ever see that writing before? A. No, not to my recollection.

Q. I show you a certificate No. 236—incidentally, the date of the stock certificate No. 241 is the 25th day of July, 1937, and the one that I am now referring to, 236, made to Arthur Winslow, is the 25th day of July, 1937; did you ever see that signature? A. No, I don't know it.

Q. Do you know whether Shaeffer or Robbins signed that or not? Just the signature, Mr. Warren, do you know whether they signed the endorsement on the back of the particular certificates?

A. Never to my knowledge.

Q. I direct your attention to Exhibit No. 11, in this case, being the check made payable to Arthur Winslow for \$7,000.00 dated July 30, 1937, and direct your attention to the endorsement thereon; do you recognize that writing?

A. It certainly doesn't look similar to that.

Q. Are you now giving your opinion as a handwriting expert?

A. No, I don't have to be. It doesn't look the same to me. But I saw this signature before, Mr. Rose.

Q. You saw that?

A. Yes. That is either Shaeffer or Robbins wrote their name on there, and I don't know which one it is.

Q. In your presence?

A. No, not in my presence; they took it over to the desk.

(Testimony of Willard Eugene Warren.)

Q. Did you see them write the endorsement between them?

A. I did not see them write the endorsement. I don't even know which one did. They took it around in another room.

Mr. Rose: Does the Court care to inspect these particular certificates, the assignments on the back of them, about which inquiry is made? They haven't been exhibited to your Honor.

The Court: I have looked at nearly everything, but I will again. What is your point, Mr. Rose?

Mr. Rose: My point is, for example, it now seems to be clear that the transaction had with Elizabeth Parsons, culminating in this \$7,000.00 transaction, in July 30, 1937, was had on and around the occasion when Mr. Danziger returned from England, as your Honor will remember, while he [1064] was in New York, and if we advert to the testimony now in the record, elicited by Mr. Mainland in this particular transaction in his examination of Mr. Danziger, it is disclosed Mr. Danziger met a man in New York named Winslow, he so testified. I am developing now that this gentleman and two other persons, whose names he has mentioned respectively, either Shaeffer or Robbins, and in their discussion the name Winslow was used, contrived to acquire stock from the Wake Development Company at that period, and extract—although the Wake Development Company merely got a nominal sum for this stock—let me see how many shares are involved here, some four hundred

(Testimony of Willard Eugene Warren.)

shares of preferential notes and four hundred shares of stock, coupled with the fact that I can't recall at the moment, through some activity on the part of some of these gentlemen they had acquired previously some other shares of stock, and they go out and take \$7,000.00 away from this Parsons woman, and pay Wake Development Company in connection with the acquisition of the stock, without disclosing their purpose or object, a thousand dollars. Now, that is what I wanted to develop.

In other words, they went through the business of acquiring four hundred preferential notes, and four hundred shares of stock, got back their commission—in other words that would be \$1200.00, at three dollars, got back their commission, and then contrived secretly to collect \$7,000.00 from Mrs. Parsons. Now, this has been introduced, [1065] this transaction, your Honor, over violent objection, on the theory that it assertedly supports opposing counsel's notion that the defendants on trial are the perpetrators of this outrage against Mrs. Parsons, from whom they extracted the modest sum of \$7,000.00. Now, in order to rebut these inferences, I am, through the form of cross-examination, attempting to develop here that they—that is, these three—we know who this gentleman is, I am not altogether sure of the identity of the other two, although they have been identified as Robbins and Shaeffer—that that was a private deal of theirs to which we are not privy, and since this has been received over objection as evidence against us, I

(Testimony of Willard Eugene Warren.)

thought it was within the pale of proper cross-examination.

The Court: I haven't said it wasn't.

What is the Government's opinion about this?

Mr. Lucas: I will express myself as having been presented with a beautiful theory, if the Court please, but utterly exploded when we consider the date of the check, July 30, 1937, and find on it the endorsement of the Wake Development Company, put on here in Los Angeles, and I can't see how from that that counsel can say that his client Danziger and Wake Development Company were not privy to whatever may have been going on with regard to the acquisition of the \$7,000.00 check. If it didn't have the Wake stamp on it, it might be put over.

Now, the cancelled stock certificates in the name of [1066] Arthur Winslow, showing cancelled on the 25th day of July, 1937, five days prior to the date of this check, what that will show by way of what certificates were issued on this cancellation I don't know, but the theory of not being privy to the deal is utterly exploded when we look at the Wake Development endorsement on the back of the check.

Mr. Rose: I am glad we have encountered this tremendous explosion, but I call your attention to the direct testimony of this witness, your Honor; this check Exhibit No. 11, for \$7,000.00, comes into the hands of Danziger on his return from England, with a request on the part of this witness to send it on to the Wake Development Company here in

(Testimony of Willard Eugene Warren.)

Los Angeles, and return the proceeds less an amount. I am not certain as to whether the amount that came into the hands of Wake Development Company was a thousand dollars—this witness, if my memory serves me, said about \$1700.00, on his direct examination, of the \$7,000.00 proceeds went back to him and his associates, they split it up between the three of them, Shaeffer and a man he calls Robbins and himself, he doesn't say he split any of it, but Mr. Danziger—it is one of these old transactions, and I haven't had a chance to diagnose it completely because we haven't had the benefit of Mrs. Parsons being here to find out what really happened down there. I don't know what this \$7,000.00 was, whether it was for these particular shares, but we find she does become a stockholder as a result of [1067] this transaction back there in some way or another.

Mr. Lucas: I only want to refresh the Court's mind on one thing. As I recall the testimony of the witness it was of this \$7,000.00 Mr. Danziger received seventeen, eighteen or nineteen hundred dollars of it, and this witness and his two associates——

Mr. Rose: Danziger or Wake Development Company?

Mr. Lucas: ——split the remainder between them. It was fully testified to on direct examination.

Mr. Rose: Now that you are under oath, if that

(Testimony of Willard Eugene Warren.)

is intended as testimony I would like to submit you for cross-examination.

Mr. Lucas: That being under oath doesn't disturb me the slightest, Mr. Rose, and I would be very happy to take the stand at any time you suggest.

Mr. Rose: Let's clear this up while we are at it, your Honor. Your Honor will remember there was a great to do in Mr. Mainland's examination of Mr. Danziger respecting this \$7,000.00 transaction, and why there was not a big file on the thing. [1068] Your Honor will remember that that thing was gone into here. Now, it becomes apparent to me, your Honor—I am not urging your Honor to accept my theory, but I want you to know that I am not just asking questions here because I just want to take up time—it occurs to me in the light of the revealments here before us, namely, that these three go out there to get, he frankly admits, a block of Trinidad stock from the Wake Development Company for as little as they can, to get as much as they can out of Parsons, that there wouldn't be any occasion for very much correspondence in the files of the Wake Company in respect to this Parsons transaction, because that is manifestly, from what we ave here now, a private deal between this witness and two other persons.

Mr. Mainland, you are the expert on this thing. What stock certificates did this Parsons woman have in the beginning? Can you tell us offhand?

(Testimony of Willard Eugene Warren.)

Mr. Mainland: Are you referring to that one transaction?

Mr. Rose: Was there one prior to that?

Mr. Mainland: Yes.

Mr. Rose: What is the date?

Mr. Mainland: The date of the certificate is January 6, 1937.

Mr. Rose: January 6?

Mr. Mainland: Yes. 900 shares and 900 notes.

Q. By Mr. Rose: While we are talking, Mr. Warren, about this Parsons thing, did you cause to be delivered to Mrs. Parsons anything other than a certain number of Trinidad stock certificates for this \$7,000 check?

A. Will you read the question, please?

(The question was read.)

A. No.

Q. By Mr. Rose: How many shares of stock did she get? A. I can't state positively.

Q. What is your best recollection?

A. Well, I would say around—I had always thought she had received six or seven or eight hundred shares of stock, but I can't be positive of that.

Q. Mr. Mainland has called my attention to the fact that a transaction was had with Mrs. Parsons during the month of January of that year, namely, 1937; did you sell her that? A. I think I did.

Q. Then did you sell her another block of stock subsequently?

A. I think after that in '37 I think I got a

(Testimony of Willard Eugene Warren.)

thousand dollars one time and \$4,000 another during 1937.

Q. From her? A. Yes.

Q. Those are checks that you endorsed yourself?

A. Yes, I did. [1070]

Q. Do you remember what name you subscribed to those?

A. Yes, I used the name Edwards when I got those checks from her.

Q. Had any stock ever been in your possession registered in the name of Edwards?

A. There might have been. My memory is vague on it right now.

Q. What initials were used in this Edwards transaction with Mrs. Parsons? A. W. E.

Q. By the way, did you maintain a bank account of any kind? A. Yes, I did.

Q. Where?

A. At the Athens Bank in New York.

Q. City? A. Yes.

Q. Under what name? A. W. E. Edwards.

Q. You had a bank account under that name?

A. Yes, sir.

Q. For what period of time?

A. During 1937. I can't give you the length of time, Mr. Rose.

Q. You used to write checks under that name?

A. Yes, I wrote some checks under that name.

Q. When did you close the account?

A. I don't think I ever closed it.

Q. You had it up to recently under that name?

(Testimony of Willard Eugene Warren.)

A. I don't know how long it lasted. I just drew out almost all the money and never bothered with it any more.

Q. When was that? A. I don't remember.

Q. What is your best recollection?

A. Well, it must have been after '37, because I had it during '37.

Q. Do you have any bank accounts in any other name? A. When?

Q. At any time. A. Oh, yes.

Q. What is that? A. Yes.

Q. During the period of '35 to '40?

A. No, I don't think so.

Q. Well, then, the only bank account that you had, and you did have one during the period 1935 to 1940, was in the name W. E. Edwards?

A. I didn't have it from '35; I had it around 1937.

Q. That was before Mr. Danziger returned from England? A. Yes, I think it was. [1072]

Q. Did you ever have any Trinidad International Petroleum stock in the name of Edwards?

A. Well, I don't remember that, Mr. Rose. You asked me that before. My memory is a little vague on it. I might have.

Q. You may have had?

A. I may have had. I don't remember, though.

Q. In connection with your dealings with Mrs. Parsons, your one thousand, four thousand, and seven thousand dollar transactions were transactions in which you in two instances received under the

(Testimony of Willard Eugene Warren.)

name of W. E. Edwards the one and four thousand dollars, respectively, and under the name of Arthur Winslow the seven thousand dollars; is that correct?

A. Well, I received under the name of Edwards the one thousand, and the four thousand under the name of Edwards, and I engineered the Winslow deal under the name of Winslow, which Mr. Robbins went up and made the sale, ostensibly representing a man named Winslow, who was mythical, if that is what you mean. That is what was done.

Q. And these transactions were had while Mr. Danziger was in England?

A. The one and the four were, yes, sir.

Q. Wasn't this \$7,000 deal all cut up and bundled up and everything before Mr. Danziger even returned to New York? [1073]

A. Oh, no, no; Mr. Danziger wrote me and asked me to cook up a deal with Parsons, that he wanted to get some extra money when he came to New York.

Q. He told you to cook it up?

A. He said, "See if you can't put something over on the Parsons matter."

Q. What did you do with that letter?

A. I think it is in evidence.

Q. And your memory of the language of that is as you have just stated?

A. No, I don't think he said "cook it up"; I think he said, "See if you can't shape up something on the Parsons deal," words to that effect.

Q. Isn't this what really happened: When Mr. Danziger returned to New York and you met him

(Testimony of Willard Eugene Warren.)

on one of those occasions, didn't he tell you that due to this protracted stay and the expenses incurred with his activities in behalf of Trinidad over in Europe, that he was pretty well strapped and needed a little money?

A. I don't remember the exact words but——

Q. Isn't that in substance and effect what he said?

A. He told me he could use money, all right.

Q. Incidentally, he told you he had been over to Paris in connection with the Trinidad matter, didn't he?

A. No. I thought he told me he went down to Italy.

Q. He told you he went to Italy and to Paris, didn't [1074] he?

A. I didn't remember the Paris part of it.

Q. Did he show you any correspondence from some big financial interests in Paris?

A. No, he didn't show me that.

Q. Did he discuss it with you? A. No.

Q. In any event, when he got back to New York in July of '37 he told you that he had this thing all financed, ready to go, didn't he?

A. He told me he was looking forward to some things being consummated now as a result of his two years over there, words to that effect, more than the effect you gave.

Q. Didn't he tell you he had a deal for the equivalent in English money—equivalent to a half

(Testimony of Willard Eugene Warren.)

a million dollars of treasury stock with a 10 per cent commission?

A. No. He told me he met a fellow over there named Spiro and this fellow had given him \$5,000 on a deal to take down some stock, and later this Spiro turned into being a crook, or something, and run away with some money, and he was an absconder in England, he told me that; and as a result of all these negotiations things hadn't worked out well with him at all. That prior to that it looked pretty good, but since this Spiro fellow blew up over there things were pretty tough, but he had hopes that something would result out of his negotiations in England. [1075]

Q. Mr. Warren, didn't he tell you that he had an agreement in England with a firm for marketing of 100,000 shares of Trinidad stock at \$5 per share less 10 per cent commission?

A. He wrote me a letter while he was in England to some effect like that. I had a letter that he had closed some of that, but I didn't know whether it was bona fide or not. I think somewhere I had the letter, if I am not mistaken.

Q. When you received that letter and when he returned did you ask him how that deal was progressing?

A. No, I don't remember asking him about that.

Q. You didn't discuss that at all?

A. No, I never put much stock in it, frankly.

Q. You didn't? A. No, I didn't.

Q. Have you told us, so far as your memory

(Testimony of Willard Eugene Warren.)

serves you, everything that was said between you and Mr. Danziger in New York upon his return in 1937?

A. Well, he told me that he met a man over there——

Q. Spiro, again?

A. No, I think another fellow by the name of Nate Calvin, who I knew here in the States, and we talked about him somewhat. He said Calvin had started to go into a deal with him, but that had blown up. And outside of this Spiro thing there wasn't very much discussed except I think we [1076] talked a little bit about the expense that I had been put to in the Chicago matter, in which I had been indicted, and he asked me how he was concerned in the deal, and I told him.

Q. Yes?

A. I don't know whether I should mention that or not. Do you want me to talk about that, Mr. Rose?

Q. I want you to talk about any discussion he had with you in connection with the sale or no sale of Trinidad stock. That is our problem here.

A. I see. All right. That was about all, just about the Trinidad stock incidents was in Chicago where I had been arrested, that was a great deal of our conversation.

Q. Mr. Warren, that is fine, but I am asking you did he discuss with you whether you were to make any more sales on the Trinidad stock or not?

(Testimony of Willard Eugene Warren.)

A. Oh, yes. He wanted me to make all the sales I could. He was very——

Q. He told you that?

A. Yes, he was very desirous of getting in all the money he could. In fact, he told me that he would help me in any way he could and co-operate in any manner, shape or form.

Q. That is what he told you in New York?

A. Yes, he did, yes, sir.

Q. What did you say? [1077]

A. I told him it would be very helpful for me if he did, because I had gotten myself in a bad way and I wanted to get out of the hole, I had lost a good deal of money as a result of the Chicago thing.

Q. You testified in your direct examination that in one of these conversations with Mr. Danziger you told him that you were no longer going to sell any of this stock?

A. I don't quite follow you, Mr. Rose.

Q. Did you have such discussion with him?

A. Will you read that questiton again, please, Reporter?

(The following question was read: "You testified in your direct examination that in one of these conversations with Mr. Danziger you told him that you were no longer going to sell any of this stock?"')

The Witness: If you can refresh my memory when I said that, Mr. Rose? I don't remember the incidents right now?

Q. By Mr. Rose: Did you ever have a discus-

(Testimony of Willard Eugene Warren.)

sion with him at which in substance and effect it was stated that you were no longer going to sell Trinidad stock?

A. Oh, you may refer to the matter, the conversation I had with him about that I couldn't go up and sell Mrs. Parsons any more because I didn't have any more stories to tell her, I would sell her any more, if that is what you mean. I don't remember the other incidents, Mr. Rose. [1078] If you will refresh my mind I will be glad to answer.

Q. By Mr. Rose: I am particularly interested in this transaction that you have related in your direct testimony, the one with Mike Burns. Do you remember when that took place?

A. Well, that took place in 1939, sometime, to the best of my memory.

Q. When in 1939?

A. I think the early part of 1939.

Q. Where did it take place?

A. In Peekskill, New York.

Q. In what? A. Peekskill, I think.

Q. Tell us about that transaction.

A. Well, Mr. Burns had a grocery store there, and I called on him and told him that I was interested in buying his notes of the Trinidad International Petroleum Company, and he said to me, "Well, I don't think I have any notes in that company; you must have the wrong person."

I said, "No," I said, "tell me,—maybe you have Great Eastern Natural Gas stock." And he said, yes, he had some of that. I said, "Didn't you know

(Testimony of Willard Eugene Warren.)

you had a right to exchange it some years back?" And he said, "Well, he thought he remembered something to that effect but he wasn't sure."

Then I said, "Well, the notes are worth about \$4.80 [1079] a piece for each unit of notes, that is equivalent to the exchange, foreign exchange rate on a pound, and I am buying them for some Canadian interests, if you would be interested in selling them I would like to buy them, but since you don't have any there isn't anything I can do about it."

He said, "I have got some of that Great Eastern stock."

And I asked him how much it was, and I think he said 100 shares.

He said, "What do you think I can do about it?" And we talked the matter over, and I think he brought the certificate out and showed it to me and asked me what he should do with it, and we discussed the matter, and he seemed to be so anxious to make the exchange that I told him he better write in to Los Angeles. And I am not positive, but refreshing my memory on the matter, I believe that there was some kind of a deal worked up whereby he was going to make a direct request that they send him the stock, and then I think it was agreed that he would send the stock along and a check, if I am not mistaken. I am not positive about that. But at any rate, he did make the inquiry to Los Angeles, because later I got the correspondence from them and the deal was consum-

(Testimony of Willard Eugene Warren.)

mated, and I got my hundred dollars less the collection charges on the money.

That is about the sum and substance of the Michael Burns deal, Mr. Rose.

Q. Haven't you omitted any part of it? [1080]

A. I might have. I might have omitted something, but I am doing the best I can.

Q. Was Mike Burns one of the Great Eastern list? A. Yes, he was.

Q. If I were to ask you to relate your transactions with the various persons that you have related on direct examination, in your opinion you would be able to relate them in the same manner?

A. Well, I don't think I could do it exactly the same, because no one can use exactly the same language in describing a thing, probably; but I will do the best I can, Mr. Rose.

Q. You believe you could repeat it, though, with very little variation?

A. Well, there might be some variation. I wouldn't say I have such a memory as that.

Mr. Rose: May I have Exhibit 24, please?

Q. By Mr. Rose: Did you tell Dr. Hazelton what to write? Did you have anything to do with the dictation of any letters to the Wake Company?

A. Which ones do you mean?

Q. Any that he wrote.

A. Yes, I might have told him some.

Q. Did you assist in the writing of any of these letters? A. Not actually, no. [1081]

(Testimony of Willard Eugene Warren.)

Q. Were you present when this letter of June 20, 1938, which is part of Exhibit 24, was composed?

A. I think I was. I am not certain, though; I think I was.

Q. Is any part of that letter in your handwriting?

A. No.

Q. Are you sure?

A. No, I don't think so.

Q. But to the best of your recollection you were present when this was written?

A. Well, I might have been. I am a little hazy on it, but I might have been present.

Q. I call your attention to this letter on the stationery of Dr. Hazelton dated June 20, 1938, wherein reference is had to A. L. Roberts, and call your attention to the fact that A. L. Roberts, singularly of all the material contained in that letter, is printed as distinguished from the usual script of the remainder of the letter; did you discuss the printing of that name?

A. No, I didn't.

Q. Can you explain why it was printed instead of written like the rest of it?

A. Only unless the doctor wanted to make sure you got the correct spelling of the name.

Q. We were going into the subject of certain names that you resorted to at different periods; I am not [1082] canvassing that subject in too much detail. During the year '35, to '36, you used the name Carter and Carmen, is that right?

A. I never used Carter in any sales; I used Carmen in sales.

(Testimony of Willard Eugene Warren.)

Q. That was the only name used during the years '35 and '36?

A. Well, with the exception of—I might have deviated to the name of Cameron once or twice.

Q. When did you make that deviation?

A. Well, I think I used the name Cameron in a Chicago transaction, if I am not mistaken, Mr. Rose.

Q. That was in '36?

A. Yes. Yes, that was the early part of '36.

Q. Did you use any other name during that year?

A. Yes, I think I used the name Calvert, now that I think of it.

Q. You used the name Calvert in '36?

A. Yes, I think I used that name.

Q. Let's clear up any that are missing. What other name did you use in '36?

A. That is all I can remember now.

Q. In '35 it is Carter and Carmen; and '36 Carmen, Carter, and Calvert? A. Cameron.

Q. When did you use that name? [1083]

A. I just told you Cameron just a moment ago. Cameron and Calvert is the only ones besides Carmen.

Q. In '36? A. Yes.

Q. When did you use, for the first time, the name Cameron?

A. I used it on some call in Chicago, and I just can't place the call. I think it was on Mrs. Cowan.

Q. Now, to the best of your recollection have

(Testimony of Willard Eugene Warren.)

you told us all of the names you used in '35 and '36?

A. Well, I have done the best I can.

Q. Well, you don't remember of any other?

A. Not offhand.

Q. All right. Tell us all the names that you used in '37.

A. Well, I think I used the name of Williams and Edwards, and I might have used the name Wilson.

Q. Any others?

A. I think in the latter of '36 and '37 I used the name Dawson.

Q. Now, to the best of your knowledge have you told us all the names you used in that period?

A. To the best of my knowledge, Mr. Rose.

Q. What names did you use in '38?

A. Well, I used the name Roberts in '38 with the Hazelton deal.

Q. We know about that. [1084]

A. Yes.

Q. Any others?

A. I might have used the name Williams on some calls; and I might have used the name Dawson.

Q. Any others?

A. And I did use the name Baker somewhere along in there.

Q. Go on.

A. I can't think of any more right now.

Q. Let's get to '39 as rapidly as we can. What names were used in that year?

A. I think substantially the same ones. There wasn't very many additions to that list.

(Testimony of Willard Eugene Warren.)

Q. What names did you use in '40?

A. I used the name George Carlton in '40.

Q. Any others?

A. No, I think I used that name pretty well right in there around '39 and '40. I think I used Carlton, George Carlton, right in that section there, too.

Mr. Rose: Your Honor, frankly I am a little tired today, and your Honor has indicated a disposition to recess a little earlier than usual; I didn't want to impose upon your Honor to have him go into detail and repeat a great many transactions, which I had a disposition to do in the first place, and in that manner consume some time; I changed my mind about it and thought I would cover it with an omnibus [1085] question; I would like an opportunity before I turn him over for redirect to glance at some of the exhibits with the idea that it may call to my mind some particular thing before I release him from cross.

The Court: Do you think you are about through?

Mr. Rose: I won't take more than fifteen minutes with him under any circumstances.

The Court: You can take longer than that.

Mr. Rose: I know your Honor has indicated I can take all the time I want.

The Court: That being the situation, we will adjourn this case until 2:00 Monday afternoon.

Mr. Lucas: Very well, your Honor.

(Whereupon, at 4:00 o'clock p. m., January 26, 1945, an adjournment was taken until Monday, January 29, 1945, at 2:00 o'clock p. m.) [1086]

Los Angeles, California,

Monday, January 29, 1945. 2:00 P. M.

(Other court matters.)

The Clerk: 15173, United States v. Danziger,
et al.

Mr. Lucas: Ready.

WILLARD EUGENE WARREN,

(WARREN C. CARTER),

resumed the stand as a witness on behalf of the
Government and, having been previously duly
sworn, testified further as follows:

Mr. Rose: Shall I proceed, your Honor?

The Court: Yes, sir.

Cross Examination—(Continued)

By Mr. Rose:

Q. In connection with your discussion, Mr.
Warren, with Dube, and this Great Eastern trans-
action resulting in an escrow in Wilmington, and
with DeHart, wasn't an arrangement made that
you would have a crew of salesmen?

A. No. That was already arranged before we
did any business with Dube.

Q. That is, you arranged to have a crew of
salesmen? A. Mr. Danziger and I together.

Q. Why don't you answer my question?

A. I am trying to.

(Testimony of Willard Eugene Warren.)

Q. Mr. Danziger didn't tell you who to hire, did he? A. Not necessarily, no.

Q. I mean he didn't, did he? Did he tell you, necessarily, or unnecessarily, to hire any salesman?

A. No.

Q. But you stated to him that you intended to hire a number of salesmen, didn't you?

A. That's right.

Q. And you furnished them with certain equipment, did you, that is, material?

A. Material I received from him.

Q. Incidentally, in the course of your business of communicating with the Wake Development Company you had in your possession or under your control a quantity of this type of envelope, didn't you (indicating)?

A. No, I didn't have those in the very beginning. I haven't seen those except—as a matter of fact, I don't think I ever saw this envelope before.

Q. Have you seen one like it?

A. No, not one like it.

Q. You told us a moment ago that you didn't have them in the beginning. Did you have printed envelopes addressed to the Wake Development Company?

A. No, we didn't. I have seen that—I have seen an envelope similar to that in 1939 or somewhere around there, during the course of correspondence, but not with any return address on the top of it; without any blank to put in your name. I saw another type envelope.

(Testimony of Willard Eugene Warren.)

Q. Do you remember a picture of an oil tanker, the SS. J. M. Danziger? [1089]

A. I remember something about it. I vaguely remember a picture somewhere.

Q. In the course of your testimony on direct you have indicated that you received a paper or papers, that is, in the form of a newspaper, from England, did you? A. That's right.

Q. Where is it?

A. I don't know. I haven't it.

Q. When did you last see it?

A. I can't recollect now.

Q. What is your best recollection?

A. Well, my best recollection would be the later part of 1936.

Q. What was the name of this purported newspaper?

A. It was the London financial paper of some sort. I think it was the London Financial Times. I don't remember the exact name.

Q. Would you know the name if you heard it?

A. I might.

Q. Was it the Petroleum Times?

A. It seems to me I received some excerpts from the Petroleum Times cut out, but that wasn't the paper.

Q. Was it the Petroleum World? A. No.

Q. In fact, before Mr. Danziger left for Europe, in the several conferences which he had in which you participated, [1090] he had displayed to you a number of publications from abroad, and also

(Testimony of Willard Eugene Warren.)

the New York Times, touching on the oil situation and prospects both in Trinidad and New Mexico, isn't that a fact?

A. Well, he showed me quite a few papers. I wouldn't remember exactly the names of them. I did see quite a few papers, yes.

Q. Do you remember this picture?

A. No, I don't remember that picture, not like this; I have seen this picture somewhere, but I think it was in a brochure, if I am not mistaken, Mr. Rose.

Q. Did you see it in your preliminary discussion with Mr. Danziger?

A. I saw that picture somewhere.

Q. Did he discuss with you the subject of tankers?

A. No, no, I don't remember the discussion about tankers except it was a picture with his name on it, on the front of the ship.

Q. And this, to your recollection, is a facsimile of it?

A. Well, it looked something like that, I thought.

Mr. Rose: I offer this next in order.

Mr. Lucas: In evidence or for identification?

Mr. Rose: In evidence.

Mr. Lucas: To which we object, if the Court please, on the ground it is incompetent, irrelevant, and immaterial. [1091] It wouldn't prove or disprove a single issue in this case. It is a picture of a ship with a man's name on it.

Mr. Rose: I don't think it is incumbent upon

(Testimony of Willard Eugene Warren.)

me to argue as each bit of evidence goes in here, your Honor. I expect to connect that up in connection with the discussion.

The Court: It is admitted.

The Clerk: Defendants' P.

(The document referred to was marked as Defendants' Exhibit P, and was received in evidence.)

Q. By Mr. Rose: I call your attention to a photostat of a document with a printed appellation on it "The Petroleum World Oil News of the Empire"; isn't this one of the documents shown to you by Mr. Danziger?

A. I don't remember this one, Mr. Rose.

Q. Will you say you did not see it?

A. To the best of my recollection I never remember seeing this before.

Q. I show you "The Petroleum Times Trinidad's Petroleum Industry"; did you see that?

A. I don't remember this one either, Mr. Rose.

Q. Would you say you did not see it?

A. No, I wouldn't say that.

Q. I show you another one, "The Petroleum Times Trinidad's Petroleum Industry Export Statistics for Eight Months of 1932," in connection with Trinidad production; [1092] did you see that?

A. This appears to be the same as that, doesn't it, Mr. Rose.

Q. Yes. A. I don't remember it.

Q. You are unable to tell us whether these were displayed to you or not?

(Testimony of Willard Eugene Warren.)

A. Well, I don't remember the first one at all. The others might have been displayed to me, but I don't remember.

Q. How about this group of documents here with the appellation in the upper left-hand corner "New Oil Pool Opened in New Mexico," did you see these? A. Shall I look inside?

Q. Certainly, I am not trying to keep a secret from you. I want to know whether you saw them.

A. I can't say that I did, and I can't say that I didn't.

Mr. Rose: I ask, your Honor, that this group to which reference has been had be marked at this time for identification as one exhibit.

The Clerk: Exhibit Q, Defendants' Exhibit Q, for identification.

(The documents referred to were marked Defendants' Exhibit Q, for identification.)

Q. By Mr. Rose: In your preliminary discussion were [1093] you shown a prospectus of the Trinidad International Petroleum, Ltd.?

A. No, I was not.

Q. Are you sure of that? A. Yes, I am.

Q. Did you receive in the course of your discussions with Mr. Danziger prior to his leaving for Europe a sort of brochure with the title on it, "Information on Trinidad and Trinidad International Petroleum, Ltd., Properties"?

A. Well, if I see it——

Mr. Rose: I have to exhibit it to counsel first. I will show it to you in a moment.

(Testimony of Willard Eugene Warren.)

The Witness: No, I don't remember seeing this particular brochure, Mr. Rose.

Q. Did you see one similar to it?

A. Well, I have saw some papers, but I don't remember seeing this particular one. I remember that because it tells about the royalties in the back, which I didn't know anything about at any time.

Mr. Rose: I ask that this particular exhibit bearing the inscription on the front page "Information on Trinidad and Trinidad International Petroleum, Ltd., Properties" be marked for identification.

The Clerk: R.

The Court: It may be marked.

(The document referred to was marked Defendants' Exhibit R, for identification.)

Q. By Mr. Rose: Had you during the month of June, 1937 approached Mrs. Parsons in connection with some of the Trinidad stock?

A. There was a transaction, there was a couple of them in the early part of 1937.

Q. You had personally been out there, had you?

A. Yes, I was out there once.

Q. And that was while Mr. Danziger was in Europe?

A. Yes, that's right.

Q. And you had worked out a deal with her before he even arrived, that is more than a month before he arrived?

A. No, no. The time I visited was very early in the year.

Q. What part of the year?

(Testimony of Willard Eugene Warren.)

A. 1937, to the best of my recollection.

Q. What part of 1937?

A. Well, I think it was around in February, somewhere around in there, or March. I got a thousand dollar check at that time, I remember, payable to Edwards.

Q. Well, hadn't you——

A. There was another transaction made for \$4,000 about a month or two after that.

Q. When was that?

A. A couple of months after that, that might have been in April or May, around in there.

Q. Are you sure it wasn't in June? [1095]

A. Well, it might have been, but I can't definitely remember the date there, but it was somewhere along in there; I didn't go that time to see her, though.

Q. Well, did you tell Mrs. Parsons to transfer some shares of her Trinidad stock to you?

A. Well, there might have been some sort of an arrangement like that——

Q. We are not talking of mere possibility; I am asking you if you have any memory of it.

A. I don't remember any transfers.

Q. Well, you remember getting a thousand dollars made payable to Edwards and \$4,000, you remember that.

A. Yes, I remember those checks.

Q. You remember discussing with her the transferring of certain Trinidad shares to your name under the assumed name of Edwards?

(Testimony of Willard Eugene Warren.)

A. There might have been some conversation about it, but I don't think anything was done.

Q. You don't?

A. Well, I don't remember it.

Q. Well, I call your attention to Exhibit 76 in evidence, which is a letter bearing the date June 16, 1937, bearing the printed appellation "Mrs. Frank B. Parsons" and her address, addressed "Trinidad International Petroleum, Ltd. Gentlemen: At the request of W. E. Edwards I am forwarding seven shares of Trinidad leaseings and seven [1096] shares holding certificates. Mr. Edwards desires you to change them and make them in my name Elizabeth T. Parsons and forward to above address," and this is her address in Pottsville. Did you induce her to sign that?

A. Well, this is a little different than the question you asked me just now.

Q. Just a moment. Don't you understand the question I just asked you?

A. I didn't understand it the way you placed it now.

Mr. Rose: Read the question.

The Witness: You asked me——

Mr. Rose: Just a minute, Mr. Warren. Read the question to the witness.

(The question was read.)

The Witness: Will you read the question that preceded that, this statement, that is, the question you asked me a minute ago?

(Testimony of Willard Eugene Warren.)

Q. By Mr. Rose: Mr. Warren, I am asking you——

A. If you are asking me another question now——

Q. Mr. Warren, I am asking you to answer the pending question that the reporter just read. If you don't understand it, indicate it, and I will have him read it to you.

A. This last question you asked me is, I assume, whether or not I knew this letter. I knew something to this effect was in existence, and I knew there was some stock that [1097] I had in the name of Edwards or at least I thought I did remember some small amount of stock in the name of Edwards being transferred into Mrs. Parsons' name. But I never remember Mrs. Parsons transferring any into my name.

Q. By Mr. Rose: Well, I will ask you again to read this letter, this is Government's Exhibit No. 76, and I will ask you again did you induce Mrs. Parsons to transmit this particular document by reason of the discussion had with her respecting the proposed transaction set forth in that document? A. Yes, I think I did.

Q. Then, you were causing to be transferred to her seven certificates and seven notes that stood in the name of Edwards and you told her you were going to transfer it to her.

A. Evidently.

Q. Well, that is a fact, isn't it?

A. Well, it seems so to me from that evidence.

(Testimony of Willard Eugene Warren.)

Q. Otherwise you have no memory of it?

A. I don't remember the seven shares, certificates, but there might have been.

Q. Well, is that when you got \$4,000 from her and were transferring——

A. No.

Q. ——seven shares?

A. No, it didn't pertain to the \$4,000. [1098]

Q. You were giving her a gift of seven and seven shares as set forth in this letter, is that right?

A. It is my opinion that she had that certificate quite some time previously and had never transferred it, and I told her merely to send it in and get it transferred into her name.

Q. Do you have any experience in the oil industry or business at all?

A. I can't say that I have.

Q. Do you profess to know anything about oil bearing properties or the business of developing it?

A. I might have made those statements.

Q. No. I say did you at any time profess to have any knowledge to that effect?

A. I might have made those statements?

Q. Did you ever discuss with any one making a trip to Trinidad, British West Indies?

A. Oh, yes.

Q. With whom? A. Dr. Hazelton.

Q. Well, other than Dr. Hazelton did you ever discuss it with anybody else?

A. I can't remember now. I might have.

Q. What were you assertedly going to do when you got to Trinidad, British West Indies?

(Testimony of Willard Eugene Warren.)

A. Well, I was going to look into the property, and see [1099] what the situation was pertaining to the holdings Dr. Hazelton had, and others.

Q. That is what you told him?

A. Yes. I was supposed to have a small interest in his holdings. I was going to look out for our mutual interests.

Q. That is what you told him?

A. That's right.

Q. And you were going to the British West Indies to look into the property?

A. That's right.

Q. You never discussed with Mr. Danziger making a trip to British West Indies, did you?

A. No, because I didn't intend——

Q. Don't tell us why. The answer is no, isn't it?

A. I wrote Mr. Danziger——

Q. I asked you, did you ever discuss with him making a trip to British West Indies?

A. No, not in person.

Q. Did you ever write him a letter that you proposed to go to Trinidad?

A. I didn't write him that kind of a letter.

Q. All right. With whom had you been discussing the subject of some syndicate?

A. Dr. Hazelton, I remember discussing something about a syndicate with him. [1100]

Q. As a matter of fact, this seven shares that is mentioned in Government's Exhibit 76, that is the letter from Mrs. Parsons addressed to Trinidad, is seven hundred, isn't it?

(Testimony of Willard Eugene Warren.)

A. It might have been.

Q. Is that your recollection?

A. It sounds more logical than seven.

Q. By the way, where did you reside in the month of March, 1940?

A. I can't state right offhand. I don't remember. I was moving a lot so I wouldn't know that exact date, at that particular time.

Q. Did you have an office at any particular time in the month of March? A. No.

Q. At any time? A. No.

Q. Did you have an occasion to have an address in New York where you could receive some mail in New York? A. Yes.

Q. Where was that?

A. Mr. Palmer's office.

Q. And Mr. Palmer was the head of the Great Eastern Gas Company?

A. He used to be, previously was.

Q. He was, wasn't he? [1101]

A. At one time he was, yes.

Q. Did that company disband? A. Yes.

Q. When?

A. I don't remember when they dissolved.

Q. Wasn't it after 1940?

A. Might have been.

Q. Where was his office?

A. He was in 1472 Broadway, 42nd Street and Seventh Avenue, Broadway, New York.

Q. That is the old Longacre Building, isn't it?

A. That's right.

(Testimony of Willard Eugene Warren.)

Q. Under what names did Mr. Palmer know you?

A. Well, principally under the name of Carter.

Q. Did he know you under any other name than Carter?

A. Yes, he knew me under the name of Carmen.

Q. Anything else? A. Roberts.

Q. When did you tell him your name was Roberts?

A. I told him that just previously to receiving a letter from Mr. Hazelton. I told him to look out for a letter addressed to Mr. Roberts in care of his office, and to give it to me when it comes.

Q. And that was when?

A. That was in 1940 sometime, Mr. Rose.

Q. Are you sure it wasn't in '39? [1102]

A. No, I don't think so.

Q. I direct your attention now especially to Exhibit 34, that part of it which is an envelope attached to the back of it, and I will ask you is that handwriting on that, "A. L. Roberts" yours?

A. That is not mine.

Q. You didn't write that?

A. I didn't write any of that.

Q. Is any of it in your handwriting?

A. No, sir.

Q. Do you know the handwriting?

A. No, I don't.

Q. In your testimony on direct here, you stated when you first visited Dr. Hazelton in '38 you discussed with him at that time the stock he had in

(Testimony of Willard Eugene Warren.)

Commercial Research, that is the first thing you discussed with him, wasn't it?

A. I don't remember discussing Commercial Research with him.

Q. You don't?

A. No. There was another stock similar in name, but it wasn't Commercial Research.

Q. What was it?

A. Communications Research.

Q. You did discuss that stock with him when you first visited him?

A. I might have talked to him about it, but it wasn't [1103] the cause of my visit, however.

Q. What did you tell him about it?

A. I told him that I thought that the stock was a junior issue in the television field, and had good speculative possibilities as such, and possibly it would be a good idea to hold on to it to find out whether it not it wouldn't have good appreciation in the future, and so forth.

Q. That was in 1938? A. Yes, I think so.

Q. Did you ever discuss that particular security with him at any later date?

A. Yes, I think I did talk to him about it in 1940 again.

Q. What did you tell him about it then?

A. Well, I told him when we discussed the matter nothing had happened to it, and I think I told him that he could trade it in to the Trinidad Company and get some stock for it.

Q. You told him to trade it in to the Trinidad?

(Testimony of Willard Eugene Warren.)

A. To the Wake Development Company, yes.

Q. Is that what you told him to do?

A. Told him to send it to me care of the Wake Development Company, and I told him I would make him an allowance of stock.

Q. You told him to send it to you?

A. Care of the Wake Development Company, yes, I did. [1104]

Q. Did you receive that 100 shares of Communications Research stock? A. I think I did.

Q. Where were you when you received it?

A. I think Mr. Danziger sent that to my——

Q. I didn't ask you anything of the kind, Mr. Warren.

Mr. Rose: Will you read the question to the witness, please?

(The question was read.)

The Witness: I received it at my mother's house, by mail, to the best of my recollection.

Q. By Mr. Rose: Have you still got it?

A. I imagine; somewhere, but I don't know where it is.

Q. You haven't disposed of it? A. No.

Q. You have it but you don't know where?

A. No, not offhand I don't.

Mr. Rose: I think, your Honor, that is all that occurs to me at the particular moment.

Mr. Lucas: Just a couple of questions on re-direct.

(Testimony of Willard Eugene Warren.)

Redirect Examination

By Mr. Lucas:

Q. What did you write to Mr. Danziger about this mythical trip of yours to the island of Trinidad?

Mr. Rose: I object to it on the ground it is leading and suggestive, not proper redirect, and not the best [1105] evidence.

The Court: Is there any document on that in the case now?

Mr. Lucas: Counsel just used Government's Exhibit 34 in interrogating this witness about whether he ever made any statement to any one about going to the island of Trinidad, and the witness answered that he wrote Mr. Danziger, and counsel didn't pursue it any further. I just wanted to go into it briefly.

Mr. Rose: He has made a number of these voluntary statements, your Honor, that weren't responsive to any question. I didn't know that his ipse dixit opens up the door for him to set up some additional straw men. He said he only made the statement to Dr. Hazelton, and that was enough.

The Court: We will pass it up.

Q. By Mr. Lucas: The other day, Mr. Carter, on cross examination by Mr. Rose on this \$7,000 check deal with Mrs. Parsons, you made the statement, "We all planned it;" I wasn't certain who all you included in that expression "We all planned it." Did you mean thereby to state that Mr. Danziger was in on the planning of the selling of this stock to Mrs. Parsons? A. He certainly was.

(Testimony of Willard Eugene Warren.)

Q. I show you, Mr. Carter, what has heretofore been introduced in evidence as Government's Exhibit 108, and thereafter withdrawn with consent of the Court, and I ask [1106] you to examine that and tell me if you received it and from whom.

A. What was the question, please?

The Court: Did you receive it?

The Witness: Yes, I did.

Q. By Mr. Lucas: From whom?

A. Mr. Danziger.

Mr. Lucas: I offer it in evidence as Government's Exhibit 108, being the number it now bears, if the Court please.

Mr. Rose: Preliminary to passing on that exhibit, may I ask a couple of preliminary questions?

Q. By Mr. Rose: Where were you when you assertedly received this? You don't have to look at that to tell us the answer, do you? Where were you?

A. I was in New York. I don't know where I was living at the time.

Q. Did you receive this in the mail or was it handed to you?

A. I received it in the mail.

Q. Where were you?

A. To tell you the truth, I don't remember exactly.

Q. As a matter of fact, you have no memory of receiving this at all, have you?

A. Yes, I do remember it very distinctly.

Q. You do? [1107] A. Yes, sir.

(Testimony of Willard Eugene Warren.)

Q. You remember receiving it in the mail?

A. Yes.

Q. Where were you residing at that time?

A. What was the date?

Q. July 12th, 1937.

A. I believe I lived at the Imperial Hotel then, Mr. Rose.

Q. Where was that?

A. 32nd Street and Broadway.

Q. How long had you been living there?

A. I lived there quite a while, four or five months, at various times. However, I didn't receive that letter there.

Q. You did not?

A. No, not at that address. I never received any mail from Mr. Danziger at that address.

Q. You mean at the Hotel Imperial?

A. That's right. I got a couple of telegrams or wired money orders there, but I didn't receive any letters there. I had another mailing address.

Q. What is it?

A. My mother, Mrs. Hattie Warren, 178 Willis Avenue, New York, Bronx, New York.

Q. All right. Now, let's get this clear, and then I am finished with this particular subject. You did not [1108] receive any mail at the Hotel Imperial from Mr. Danziger?

A. Not at the Hotel Imperial. I received some wires there, that's all.

Q. But no mail? A. No.

Q. You are positive of that?

(Testimony of Willard Eugene Warren.)

A. I don't remember any. I am pretty sure there wasn't any.

Mr. Rose: All right.

The Clerk: It is already in, 108.

Mr. Rose: Your Honor has already examined that before. I withdrew it on the question of signature after letting it go in first without objection. They haven't clarified the signature situation, but I take it there is sufficient foundation from the oral testimony of this witness pertaining to that subject.

The Court: It is admitted.

Q. By Mr. Lucas: I show you, Mr. Carter, after having first exhibited to counsel, an envelope addressed, "M. B. Bishop, Auditor, Post Office Box 463, Grand Central Annex, Post Office, New York City"—on the outside in the lower lefthand corner, "Re: Wake Development Company," clipped to the envelope a letter on the letterhead of Wake Development Company, 408 South Spring Street, Los Angeles, California, headed at the top, "New York City, June , 1935," and ask you if you have seen the letter or a facsimile thereof, and [1109] the envelope or a facsimile thereof.

A. Yes, I have seen this before.

Q. What is it?

Mr. Rose: The instrument speaks for itself, if it is competent.

Q. When was it used, if ever?

A. It was used——

Mr. Rose: Just a minute. I object to it on the

(Testimony of Willard Eugene Warren.)

ground that the instrument speaks for itself. It calls for an opinion and conclusion of the witness.

The Court: The question is when was it used?

The Witness: It was used in July when we started our campaign on Great Eastern Natural stockholders.

Q. By Mr. Lucas: June of what year?

A. 1935.

Q. I direct your attention to the letter and the signature thereon; in whose handwriting is that?

A. I don't think that is handwriting, I think it is a facsimile; I think it is multigraph job.

Q. In whose handwriting is the original of which that is a multigraph copy?

Mr. Rose: I object to that as calling for a conclusion and opinion of the witness.

The Court: He may answer.

A. Well, in my opinion this is Mr. Danziger's signature of "M. B. Bishop." [1110]

Q. By Mr. Lucas: Was Mr. Danziger using the name "M. B. Bishop"?

Mr. Rose: Just a moment. I move that be stricken on the ground he is not qualified.

The Court: Stricken.

Q. By Mr. Lucas: Was Mr. Danziger using the name M. B. Bishop?

The Court: Stricken; the whole thing is stricken.

Mr. Rose: I object to it as leading and suggestive, not proper redirect.

The Court: Now, listen, the whole thing is stricken.

(Testimony of Willard Eugene Warren.)

Mr. Lucas: You are now striking that reference to the signature?

The Court: I am not going to let him in as a handwriting expert.

Mr. Lucas: You are not striking out the testimony concerning the use of the mailing of it?

The Court: That is all right.

Q. By Mr. Lucas: I show you a letter on the letterhead of D. B. Howe & Company, 32 Broadway, New York, dated September 20, 1934, addressed to Mr. J. M. Danziger, Wake Development Company, 408 South Spring Street, Los Angeles, California, and signed "Cordially yours, D. B. Howe & Company, by" and there follows a word or initials, "A. L."; I will ask you if you have seen that before.

Mr. Rose: You mean this particular letter?

Mr. Lucas: Yes, that particular one.

The Witness: I have seen this letter somewhere, but I can't remember where.

Q. By Mr. Lucas: Calling your attention to the handwriting at the bottom thereof in the red pencil, apparently, does that aid you in your recollection of the matter?

Mr. Rose: I object to that as leading and suggestive, and calling for him to be a handwriting expert again.

The Court: He may answer.

A. To the best of my recollection I had this letter sent to me sometime during my correspondence with the Wake Development Company; but just

(Testimony of Willard Eugene Warren.)

when and where and at what time it is hard for me to remember now.

Q. By Mr. Lucas: What is your best recollection as to where you received it, from whom you received it?

A. I think I received it from the Wake Development Company.

Mr. Rose: I move that be stricken as pure opinion and conjecture.

The Court: Stricken.

Q. By Mr. Lucas: I show you now a letter on the letterhead of Trinidad International Petroleum, Ltd., with the caption at the top, "Information for company representatives relating to offer of Wake Development Company, of shares and notes of Trinidad International Petroleum, Limited," and ask you if you have seen that document before.

A. Yes, I have seen this before.

Q. When did you come into possession of that or a facsimile thereof?

A. This is part of the literature that Mr. Danziger drew up for sales work in New York when he was there, part of the kit we gave the salesman.

Q. Now, I direct your attention to——

Mr. Rose: The record will never indicate what you are talking about. Do you intend to offer that?

Mr. Lucas: Yes, I am going to offer these three as one exhibit if I can get the third one in, Mr. Rose, and identify it.

Q. By Mr. Lucas: I direct your attention to

(Testimony of Willard Eugene Warren.)

what is on the letterhead of the Securities and Exchange Commission, Washington, dated September 13, 1934, there is no address at the top of the letter, the salutation is, "Gentlemen"; I will ask you to look at that and ask you if you have ever seen that before or a facsimile thereof.

A. Yes, I have seen facsimiles of this. We had a number of them which comprised a part of our sales kit furnished us by Mr. Danziger when we started the sale of the stock.

Q. Now, directing your attention, further, to the document; as it was handed out to the salesmen for use by them, was it in the same form that it is now? A. I think it was, Mr. Lucas. [1113]

Mr. Rose: I move that be stricken as mere conjecture.

The Witness: It was, it was similar to this.

Mr. Lucas: I now offer these three documents, namely, the M. B. Bishop envelope, accompanied by the Wake Development Company letter that the witness first identified; the Securities and Exchange Commission business which he last identified; and the Trinidad International Petroleum information for company representatives—and ask that they be marked as one exhibit and received in evidence as Government's Exhibit next in order.

Mr. Rose: As to this particular document bearing an envelope with the post-mark from Reading, Pennsylvania, with no date on the mimeographed material therein, I object to it on the ground that no proper foundation has been laid; it is irrelevant

(Testimony of Willard Eugene Warren.)

and immaterial to any of the issues in this case; that said letter or mimeographed letter, ostensibly, is addressed to the stockholders of South American Oil Fields, Inc., or all Americas Petroleum Corporation, and doesn't pertain or relate to the issues we have here. It is, additionally, remote; it is a different transaction and has nothing to do with the matters set forth here.

The Court: I will exclude that.

Mr. Rose: As to this document (indicating), the witness identified it was something that came into his possession from Mr. Danziger, and we have no objection to its being received in evidence in any respect. On the other hand, [1114] this thing here—I would like your Honor to examine it. As to this, I certainly object to it on the ground it is manifestly not a document addressed to any person; there is no foundation laid; it is dated September 13, 1934, and the thing on its face there—it appears to be peculiar, and I object to it on the ground no proper foundation has been laid, and it is incompetent.

Mr. Lucas: Its peculiarity, your Honor, I might say, is one of the reasons we have for its admissibility.

Mr. Rose: If you claim that my clients obliterated a communication of that kind and submitted a forgery, well, that is a different story. That is a pretty dangerous statement to make. Now, if he did it, I don't care anything about it. But there is no foundation, and it is incredible that you attempt

(Testimony of Willard Eugene Warren.)

to inject a thing of this character on redirect and not part of your case in chief. You haven't laid any foundation. We have gone in and canvassed this man as to all conversations thoroughly over and over again, we have had days of it; now on redirect you come in with this instrument. It looks to be a tampering with a document of a department of the United States, and you want to admit it against us on this haphazard and skimpy foundation that he saw one. I certainly object to it, your Honor.

Mr. Lucas: You are peculiarly sensitive about it, Mr. Rose.

Mr. Rose: I certainly am, because that is a government [1115] letter and obviously a blind man, a five-year-old child by examining that document can ascertain that is a forgery of some kind. It certainly is no document that the Government of the United States would send out, and I think your trying to saddle that around our necks at this stage of the case is going pretty far afield. That is my impression.

Isn't it apparent, your Honor, that is a mutilated, forged document supposed to be emanating in 1934 from a government department?

The Court: Mr. Rose, I am not answering any questions.

Mr. Lucas: The witness told us, your Honor, that was part of the sales kit that was given, and I asked him particularly is it now in the same condition it was in when it was given to him or to his

(Testimony of Willard Eugene Warren.)

salesmen, and he said yes. Now, with respect to this, your Honor——

Mr. Rose: Why didn't you set it out in your indictment? You would have had a pretty good argument there.

The Court: What do you want to say?

Mr. Lucas: This is dated July 17, 1935, on the outside of the envelope; it is documentary evidence of the plan as it started in 1937 between this witness and Mr. Danziger——

The Court: '37.

Mr. Lucas: '35, pardon me, your Honor. And Mr. Danziger left for New York shortly after that. The testimony shows that Mr. Danziger was in New York at the time——

Mr. Rose: You mean left for England? [1116]

Mr. Lucas: At the time it was mailed, so it is well within the reach of the indictment.

The Court: The three documents may come in over the objection.

Mr. Rose: May an exception be allowed?

The Court: Exception allowed.

Mr. Lucas: Your Honor, I have a certified copy of the incorporation——

The Clerk: That will be 112.

(The documents referred to were marked as Government's Exhibit No. 112, and received in evidence.)

Mr. Lucas: I have a certified copy of the Articles of Incorporation of the Wake Development Company. I am perfectly willing to offer them in

(Testimony of Willard Eugene Warren.)

evidence, unless counsel wants to stipulate that the Wake Development Company is a corporation within the allegations of the indictment.

The Court: They are admitted.

The Clerk: 113.

(The document referred to was marked as Government's Exhibit No. 113, and received in evidence.)

Mr. Lucas: The government rests.

Mr. Rose: You don't want to rest until I finish examining him, do you?

Mr. Lucas: You have further recross?

Mr. Rose: You have gone into quite a number of matters.

Mr. Lucas: I am sorry. [1117]

Recross Examination

By Mr. Rose:

Q. You say you lived in the Imperial Hotel in the summer of 1937? A. Yes, some part of it.

Q. What period of 1937 did you reside at the Imperial Hotel in New York?

A. I couldn't be specific about that.

Q. Were you there during the entire month of July, 1937?

A. I can't say that I was there during the entire month.

Q. Have you any recollection of being anywhere other than New York City during the month of July, 1937?

A. You mean any time during the month?

(Testimony of Willard Eugene Warren.)

Q. Yes.

A. Well, I couldn't tell you that. I might have been out, a short ways out, but not any great distance that I remember.

Q. Under what name were you registered at the Imperial Hotel? A. George Carlton.

Q. When did you move in there?

A. Oh, I moved in there at various times. I used to check in and check out frequently, Mr. Rose.

Q. You told us last Friday that you resorted to the [1118] use of the name George Carlton in 1940. Do you remember that?

A. Yes, I used the name George Carlton in 1942.

Q. In 1942? A. In 1940, also.

Q. Didn't you tell us that was the first time you used it? A. Oh, I don't think so.

Q. Can you tell us any other place that you were at in the month of July, 1937, other than New York City?

A. Not unless I have something to refresh my memory, Mr. Rose I can't think of that offhand.

Q. Now, this \$7,000 check from Mrs. Parsons was an outcropping of that transaction reflected in this letter that you caused Mrs. Parsons to transmit to the Trinidad Company in the month of June, 1937, isn't that a fact?

A. No, not to my knowledge, at all.

Q. What was this 700 shares that was to be transferred out of the name of Edwards to Mrs. Parsons? Wasn't that part of the \$7,000 transaction? A. No, sir.

(Testimony of Willard Eugene Warren.)

Q. Well, were you transferring 700 shares to her for any other money you were to receive from her other than the \$7,000?

A. Yes, it was an accumulation of money that I had received as long as I had sold Mrs. Parsons and obtained the [1119] stock, evidently, in my name Edwards, and then delivered to her part as I received it probably two or three hundred shares at a time as I would get the stock transferred in my name from the Wake Company, and she was accumulating it, and then I told her to transfer all the stock at one time during the time she wrote the letter.

Q. And the time she wrote the letter is the time you cooked up this \$7,000 deal with her, isn't that a fact?

A. No, I didn't have anything to do with cooking that deal up.

Q. You had nothing to do with cooking up the \$7,000 deal?

A. I didn't visit her and make the sale, Mr. Rose.

Q. Who did?

A. Mr. Robbins, Mr. Joe Robbins, at a later date.

Q. Mr. Robbins? A. Yes.

Q. When did he visit her?

A. He visited her in July.

Q. In July? A. Yes.

Q. What part of July?

(Testimony of Willard Eugene Warren.)

A. Well, along about the time that check was dated, the latter part of July.

Q. Did you ever introduce Mr. Robbins to Mr. Danziger? A. No, sir. [1120]

Q. Who was this Mr. Shaeffer?

A. Mr. Shaeffer is a friend of Mr. Robbins.

Q. Then, the three of you divided the money you got out of this \$7,000, other than the sum that was paid for the stock that went to Mrs. Parsons, isn't that right?

A. Yes, we had a division of our part of the deal.

Q. When had you ever assertedly discussed with Mr. Danziger that you expected to get \$7,000 from Mrs. Parsons, previous to the time that you actually had this \$7,000 in your possession?

A. Before Mr. Robbins left, when he came back from England.

Q. When who came back from England?

A. Mr. Danziger.

Q. Did you tell him anything about Mr. Robbins when he came back from England?

A. I don't remember telling about Mr. Robbins himself; I told him I had a salesman——

Q. Did you tell him anything about Mr. Shaeffer?

A. I told him I had a salesman to make the sale.

Q. You told him you had a salesman to make a sale for how much? A. About \$10,000.

Q. How many shares were you going to sell?

A. We hadn't determined that.

Q. What did you tell Mr. Danziger about it?

(Testimony of Willard Eugene Warren.)

A. I told Mr. Danziger he was to make the delivery, and for that he would get his pro rata share of the profits.

Q. He was to make the delivery of what?

A. Of the all the stock that would be necessary to complete the deal.

Q. How much stock?

A. I don't remember how much.

Q. How much was he to receive?

A. He was to receive, to the best of my memory, about sixteen or seventeen hundred dollars.

Q. For how many shares?

A. For all the stock that was necessary to make the delivery.

Q. Was it over 1700 shares?

A. 1700? It wasn't that much. It was a lot less than that.

Q. Did you tell Mr. Danziger that the Wake Company was to get more than a dollar a share?

A. We didn't discuss shares; we were only interested in dividing the money.

Q. How did you tell him you were going to divide it?

A. Well, in the first place, we had——

Q. Why don't you tell us what was said?

A. I don't remember the exact conversation, except he was agreed——

Q. What is your best memory of what was said?

A. The best memory was he was to collect the money and we had a stated amount——

Q. How much?

(Testimony of Willard Eugene Warren.)

A. He was to retain all except what was telegraphed to me at the Imperial Hotel.

Q. How much was that?

A. I don't remember right now, Mr. Rose.

Q. What is your best recollection?

A. If you have the books you can find it.

Q. What is your best recollection?

A. The best recollection I have is it was some fifty some hundred dollars, fifty-two or three or four hundred dollars, something like that, that he wired, that was wired out there from California.

Q. Did the Wake Company get any more than a dollar a share for whatever shares were involved in this transaction?

A. Yes, I think they did.

Q. How much?

A. Probably two dollars or three dollars, more than that; more than a dollar a share, though, because there wasn't any specific price stated on the deal, how many shares, it was just understood whatever sale Mr. Robbins made or was made to Mrs. Parsons, that he would make the delivery.

Q. You never mentioned the name Robbins or Shaeffer to Mr. Danziger at any time, did you?

A. Well, it is——

Q. Why don't you answer my question?

A. Why don't you wait? I am trying to.

Mr. Rose: Will you read the question to the witness?

(The following question was read: "You never mentioned the name Robbins or Shaeffer to Mr. Danziger at any time, did you?")

(Testimony of Willard Eugene Warren.)

A. I might have, because we discussed the deal.

Mr. Rose: I move that be stricken, your Honor, as not responsive.

The Court: Denied.

Q. By Mr. Rose: Where did you discuss the deal with him?

A. I remember talking to him in the lobby of the Barbizon Plaza Hotel.

Q. On what date?

A. I don't remember the exact date.

Q. What is your best recollection?

A. I can't recollect.

Q. What did you say?

A. Well, we had conversations——

Q. "What did you say?" is what I asked you.

A. Why don't you wait and I will tell you?

Q. Tell us what you said.

A. Take your time. I told Mr. Danziger—I asked Mr. Danziger if he had a pleasant trip. He said, "Yes, but [1124] I am glad to get home." He says, "Did you get all my mail?" I says, "Yes, I have got your mail."

He says, "I sent lots of things out to Alda Faulkner and the Wake Development Company in California, and told her to reforward them to you because I didn't know where you were all the time. I guess she kept in touch with you all the time, didn't she?"

And I said, "Yes, I have been able to keep in touch with Alda at all times, and she has been very proficient in making and supplying answers to all

(Testimony of Willard Eugene Warren.)

the calls I made, and so forth, and everything has gone along all right, except my situation in Chicago, which, of course, I am very much perturbed about and upset."

And he said, "Yes, that is a very terrible thing, I am awfully sorry that thing had to happen as it did." He said, "I would like you to sit down and tell me a whole lot more about that."

Q. Did you understand I have been asking you about what was said about this Parsons deal?

A. I though you wanted to know what we all talked about. And then later on he said, "Did you get my letter about Mrs. Parsons?"

And I said, "Yes." He says, "Can you make——"

Q. Just a minute. Where is this letter that you got about Mrs. Parsons?

A. Well, I received a letter from Mr. Danziger in [1125] which he said, "I hope you can do something on the Parsons deal, because I am——"

The Court: Is that the letter you are talking about now?

A. That's the letter I am talking about.

Q. Go ahead.

A. I had received his letter, and I also received a duplicate from the Wake Development Company in California, from Alda Faulkner, because she had sent an exact copy of his letter to me.

Q. Now, if you don't mind, will you get back to what you said to Mr. Danziger about the Parsons transaction?

A. Yes, I said, "I have arranged to do some-

(Testimony of Willard Eugene Warren.)

thing with Mrs. Parsons. I can't personally call on her, because I have exhausted about all the stories that I can tell her any more, but," I said, "I have gotten ahold of a salesman who I think is just the type that——"

The Court: This has all been covered. You don't need to go into it.

The Witness: Well——

The Court: I am addressing Mr. Rose. This has all been covered, Mr. Rose; not only once, but several times.

Mr. Rose: I think that will be all.

Mr. Lucas: The government rests, your Honor. Step down.

(Witness excused.) [1126]

The Court: I, of course, don't know what your plans are, Mr. Rose. If you need time to determine your course now that the government has rested, I am quite willing that you have it. By that I mean I leave it to you whether you want to go on this afternoon or whether you want to take until tomorrow morning.

Mr. Rose: As your Honor probably recognizes, I have in mind a series of motions that I am going to direct to the Court.

The Court: I can hear them this afternoon. We will recess now. Would it assist you——

Mr. Rose: What I had in mind is this: I don't want your Honor to think I am saying this critically, but the exhibits under your Honor's efficient handling of the matter have come in so fast that,

frankly, I didn't even have a chance to make a memorandum, clearly, of many of them. I think we would really save time if I devote this afternoon here to making certain memoranda concerning which I desire to make certain motions; that is, as to documents and things of that kind. I think we will probably save time.

The Court: Very well, that may be done. We will adjourn until tomorrow morning at 10:00 o'clock.

(Whereupon, at 3:35 o'clock p.m., Monday, January 29, 1945, an adjournment was taken until Tuesday, January 30, 1945, at 10:00 o'clock a.m.) [1127]

